
Executive Procurement Committee

TUESDAY, 6TH DECEMBER, 2005 at 18:30 HRS - CIVIC CENTRE, HIGH ROAD, WOOD GREEN, N22 8LE.

MEMBERS: Councillors Adje, Diakides, Hillman and Milner

AGENDA

1. APOLOGIES FOR ABSENCE

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 14 below. New items of exempt business will be dealt with at item 24 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 - 2)

To confirm and sign the minutes of the meeting of the Procurement Committee held on 25 October 2005.

5. DEPUTATIONS / PETITIONS / PRESENTATIONS / QUESTIONS

To consider any requests received in accordance with Standing Orders.

6. NEUTRAL VENDOR SOLUTION FOR THE PROVISION OF TEMPORARY AND PERMANENT WORKERS (PAGES 3 - 12)

(Joint report of the Interim Chief Executive and the Director of Finance): To seek approval to the award of the contract for the Neutral Vendor Solution for the provision of Temporary and Permanent Workers. **FAILED TO MEET DESPATCH DATE**

7. COMMUNITY CARE STRATEGY - THE RED HOUSE (PAGES 13 - 18)

(Report of the Director of Social Service): To seek agreement for the award of contract for the refurbishment of the Red House. **FAILED TO MEET DESPATCH DATE**

8. DOOR ENTRY AND CONCIERGE SYSTEMS - CONTRACT EXTENSIONS (PAGES 19 - 24)

(Report of the Director of Housing): To seek member agreement to extend the contracts for door entry and concierge systems maintenance.

9. PEMBURY HOUSE CHILDREN'S CENTRE (PAGES 25 - 30)

(Report of the Director of the Children's Service): To seek approval to award the contract for the extension to the nursery to provide Children's Centre facilities.

10. LANDSCAPE ARCHITECT CONSULTANCY SERVICES - AWARD OF CONTRACT (PAGES 31 - 38)

(Report of the Director of Finance): To seek Member agreement to award the framework contract for the provision of Landscape Architect Consultancy Services.

11. URBAN REGENERATION CONSULTANCY SERVICES - AWARD OF CONTRACT (PAGES 39 - 46)

(Report of the Director of Finance): To seek Member agreement to award the framework contract for the provision of Urban Regeneration Consultancy Services.

12. DISABILITY DISCRIMINATION ACT - ALTERATIONS TO BUILDINGS PHASE 3 (PAGES 47 - 50)

(Report of the Director of Finance): To seek approval to the award of the contract for the Disability Discrimination Act, Alterations to Buildings Phase 3. **FAILED TO MEET DESPATCH DATE**

13. PROVISION OF INTERNAL AUDIT SERVICES - NOVATION OF CONTRACT (PAGES 51 - 54)

(Report of the Director of Finance): To seek Member approval to the novation of the contract for the provision of internal audit services. **FAILED TO MEET DESPATCH DATE**

14. NEW ITEMS OF URGENT BUSINESS

To consider any items admitted at item 2 above.

15. EXCLUSION OF PRESS AND PUBLIC

The following items are likely to be the subject of a motion to exclude the press and public from the meeting as they contain exempt information relating to the terms proposed or to be proposed by or to the authority in the course of negotiations for a contract for the supply of goods and services.

Note from Head of Member Services

The following item allows for consideration of exempt information (if required) in relation to items 6 – 13 which appear earlier on the agenda.

16. NEUTRAL VENDOR SOLUTION FOR THE PROVISION OF TEMPORARY AND PERMANENT WORKERS (PAGES 55 - 64)

(Joint Report of the Interim Chief Executive and the Director of Finance): To seek approval for the award of contract for the Neutral Vendor Solution for the Provision of Temporary and Permanent Workers. **FAILED TO MEET DESPATCH DATE**

17. COMMUNITY CARE STRATEGY - THE RED HOUSE (PAGES 65 - 70)

(Report of the Director of Social Service): To seek agreement for the award of contract for the refurbishment of the Red House. **FAILED TO MEET DESPATCH DATE**

18. DOOR ENTRY AND CONCIERGE SCHEMES - CONTRACT EXTENSIONS (PAGES 71 - 72)

(Report of the Director of Housing): To seek Member agreement to extend the contracts for Door Entry and Concierge Systems Maintenance.

19. PEMBURY HOUSE CHILDREN'S CENTRE (PAGES 73 - 76)

(Report of the Director of the Children's Service): To seek approval to award the contract for the extension to the nursery to provide Children's Centre facilities.

20. LANDSCAPE ARCHITECTS CONSULTANCY SERVICES (PAGES 77 - 78)

(Report of the Director of Finance): To seek Member agreement to award the framework contract for the provision of Landscape Architect Consultancy Services.

21. URBAN REGENERATION CONSULTANCY SERVICES - AWARD OF CONTRACT (PAGES 79 - 80)

(Report of the Director of Finance): To seek Member agreement to award the framework contract for the provision of Urban Regeneration Consultancy Services.

22. DISABILITY DISCRIMINATION ACT - ALTERATIONS TO BUILDINGS PHASE 3 (PAGES 81 - 82)

(Report of the Director of Finance): To seek award of contract for the Disability Discrimination Act, Alterations to Buildings Phase 3. **FAILED TO MEET DESPATCH DATE**

23. PROVISION OF INTERNAL AUDIT SERVICES - NOVATION OF CONTRACT

(Report of the Director of Finance): To seek Member approval to the novation of the contract for the provision of internal audit services. **FAILED TO MEET DESPATCH DATE**

24. NEW ITEMS OF EXEMPT URGENT BUSINESS

To consider any new items of exempt urgent business admitted at item 2.

Yuniea Semambo
Head of Member Services
5th Floor
River Park House
225 High Road
Wood Green
London N22 8HQ

Richard Burbidge
Principal Support Manager
Tel: 020 8489 2923
Fax: 020 8881 5218
Email:
richard.burbidge@haringey.gov.uk

28 November 2005

MINUTES OF THE PROCUREMENT COMMITTEE
25 OCTOBER 2005

Councillors *Milner (Chair), Adje, *Diakides and *Hillman.

* Members present

MINUTE NO.	SUBJECT/DECISION	ACTION BY
PC42.	<p>APOLOGY FOR ABSENCE</p> <p>An apology for absence was submitted by Councillor Adje. An apology for lateness was submitted by Councillor Milner. In the absence of Councillor Milner, Councillor Hillman took the Chair.</p>	
PC43.	<p>MINUTES</p> <p>RESOLVED:</p> <p>That, subject to the deletion of Councillor Adje from the list of Members who had been present on 20 September, the minutes of the meetings held on 20 September and 11 October 2005 be approved and signed.</p>	HMS
PC44.	<p>THE MERGER OF PATCHWORK HOUSING ASSOCIATION WITH COMMUNITY HOUSING ASSOCIATION AND TRANSFER OF CONTRACTS AND UNDERTAKINGS (Report of the Director of Housing Services – Agenda Item 6):</p> <p>We noted that Patchwork Housing Association had been placed under supervision by the Housing Corporation due to concerns about its governance and viability but that with the support and assistance of the Housing Corporation Patchwork had entered into merger negotiations with Community Housing Association. We also noted that the merger negotiations were near completion and both Associations were now in the process of transferring Patchwork's management and undertakings to Community Housing Association.</p> <p>We were informed that Patchwork had two interim Supporting People contracts with the Council which we had approved in June 2003 as part of all Supporting People interim contracts. These approvals had been granted in accordance with the Government's statutory grant conditions and guidance covering the set up of Supporting People interim contracts.</p> <p>At this point Councillor Milner arrived and took the Chair.</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 terms proposed or to be proposed to the authority in the course of negotiations for a contract for the acquisition or disposal of property or the supply of goods and services.</p>	

MINUTES OF THE PROCUREMENT COMMITTEE
25 OCTOBER 2005

	<p>RESOLVED:</p> <p>That, in accordance with Contract Standing Order 14, approval be granted to the transfer of the contract for Supporting People services from Patchwork Housing Association to Community Housing Association.</p>	DH
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RICHARD MILNER
Chair

Procurement Committee On 6.12.05

Report Title: **Award of contract for a Neutral Vendor solution for the supply of Temporary and Permanent Workers (Part A)**

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

Report of: Andrew Travers – Director of Finance

Wards(s) affected: All

Report for: **Key Decision**

1. Purpose

1.1 To seek Member agreement to award the contract for a Neutral Vendor solution for the supply of Temporary and Permanent Workers, (subject to the outcome of due diligence).

2. Introduction by Executive Member

2.1 After considerable member scrutiny, this fully reviewed and revised proposal for a new operating model for managing our temporary staff is put to this committee for approval.

2.2 The neutral vendor solution aims to deliver cost and operational efficiencies while also providing a more coherent service for all managers needing to access temporary staff.

2.3 It should provide Haringey with a pragmatic and effective vehicle for limiting agency spend by enabling members to have a more accurate view of the spend and, working with managers, to understand the value for money impact on their services.

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 3.2 of this report.

3.2 That the contract be awarded for a period of 5 years with an option to extend for 2 further periods of 1 year each on the basis detailed in the report.

3.3 That the existing approved list for agency staff, which expires on 20th January 2006, be extended until 31st March 2006.

3.4 That Members consider the option of establishing a Resource Centre presence within the borough of Haringey (see para 9.13).

Report Authorised by: **Andrew Travers**

Contact Officers: **Stuart Young – Head of Personnel (x3174)**
Michael Wood – Head of Procurement (x2120)

4. Executive Summary

4.1 This report provides background to the proposal to award the Contract for the Neutral Vendor Resource Centre. It outlines the Procurement Route undertaken and the benefits that the award of contract can bring to the council.

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

- 5.1 The Scrutiny Review of 1999 recommended a series of control and management actions to govern the use of temporary and agency staff. In the main these arrangements remain sound practice, however, the increase of temporary staff use continues in Haringey and across London.
- 5.2 Current arrangements require managers to place business directly with the agencies. This puts managers in a position where they have to invest time and effort to make contact with various companies, and to conduct commercial discussions with providers about the supply of resource. The current model comprising 12 approved agencies and significant numbers of unapproved agencies has no central point of operation and therefore, does not provide sufficient management information or control. As a result it has proven impossible to produce accurate conclusive data about the reasons and level of use. Other London boroughs operating similar arrangements to the one currently in use in Haringey have reported the same concerns including similar levels of expenditure.
- 5.3 A review of the current arrangements was conducted and completed in 2004. It recommended that the Council adopt a centrally co-ordinated temporary staff acquisition process; that we control and monitor purchase; and that, within the context of a managed process, we introduce business case controls. It is vital that the new model of temporary staff acquisition provides sufficient speed, quality and cost assurance to support managers in the running of services. Simply introducing bureaucratic controls without a supporting model of staff provision will cause frustration, service inefficiency and likely result in non-compliance.

6. Local Government (Access to Information) Act 1985

6.1 List of background documents:

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

- Scrutiny Review of Agency staffing 1999
- Review of Agency staffing findings 2004 by ATOS/KPMG
- Report to General Purposes Committee 8th March 2005
- Report to Procurement Committee 5th April 2005
- Report to Procurement Committee 12th July 2005

7. Background

- 7.1 Following recommendations of the Procurement Committee on 5th April 2005, a Member Working Group was established to scrutinise the proposed procurement and Personnel Policies. The new proposed tiered supplier Model, pricing options, funding the service and contract management were discussed; as were associated HR policies, particularly around the use of Improvers and Consultants. The Member Working Group comprised Councillors Meehan (Chair), Bevan, Diakides, Haley and Santry. It concluded that the procurement of a Neutral Vendor Resource Centre should proceed as quickly as possible. This decision was agreed at Procurement Committee on July 12th 2005.
- 7.2 The role of the successful bidder is to set up a Neutral Vendor Resource Centre to receive and co-ordinate the fulfilment of orders for staff from the Council. The role of the 1st tier primary vendors is to supply up to half of orders placed in their specialist labour market area. The model provides that at least 50% of orders will be passed directly beyond the primary vendors to a 2nd tier of suppliers. These 2nd tier suppliers will largely comprise of small and medium sized companies currently trading with the Council. This feature maintains current effective agencies and it provides an opportunity for smaller businesses to compete for Council assignments.
- 7.3 The contract allows that the Council appoints the Resource Centre Provider and works in partnership with them on the appointment, and any promotion or relegation, of 1st tier primary vendor and 2nd tier organisations. This means that the Council will play a deciding role in determining who provides services at the primary tier and at the second tier but all tiers will contract *directly* with the Resource Centre. Where appropriate, the Council's terms and conditions of business will be cascaded throughout the model by the Resource Centre. This includes our equalities, recruitment and Procurement policies.
- 7.4 The pre-estimate as reported to The Executive Procurement Committee 12th July 2005 aimed to generate annual net savings largely from Agency margins in the order of £0.8m based on 2002/03 usage and spend. The cost of the Resource Centre was estimated at £0.3m p.a which will be funded from existing resources.
- 7.5 There will be a due diligence process and an implementation period to this contract award and the contract is not expected to be fully operational until 1st April 2006.

8. Budget

- 8.1 The pricing proposal put forward by the preferred bidder meets the Council's pre estimated savings. These figures are based on an average 18% "mark up" figure on basic salary (excluding National Insurance and Working Time Directives) and were supplied to bidders by the Council. A due diligence process will now take place with the preferred supplier and prior to contract signature in order to verify the actual "mark up" that is currently paid by Haringey Council and the attached bid (see Part B of this report) may need to be adjusted in line with the outcome.
- 8.2 There is no requirement for new money. The entire cost of the Resource Centre will be met from savings generated in current management costs across the Council, with residual savings being retained by the Council.

9. Description of Procurement Process

9.1 The tendering process began by placing an advertisement on 1st August 2005 in the OJEU, Contrax Weekly, Haringey Website and Local Newspaper. The tendering process would follow the Negotiated procedure. Although the requirement does not fall under the EU Directives, as it is a Part B Residual Service, for complete transparency and because the contract is being let on behalf of all Public sector bodies in Greater London an OJEU notice was considered to be most appropriate.

9.2 Pre-Qualification Questionnaires (PPQ's) were sent out in response to the advert. Expressions of Interest were received from 16 companies. Evaluation scoring grids were set up previous to receipt of PQQ's and were weighted as follows:

Organisation	5
Ability to deliver	20
Quality	5
Environment	9
Financial Standing	30
Insurance	9
Equal opportunities	13
Health & Safety	9
Total	100

9.3 Six companies were selected to be Invited To Tender (see Part B-B1(i)).

9.4 Invitations To Tender were sent out on 30th August 2005 and returned 12th September 2005. 4 tenders were received and 2 companies declined (see Part B-B1(ii)).

9.5 CPU, HR and Finance evaluated all tenders (see Part B -B1(iii)).

9.6 Site visits were then carried out on 6th & 7th October 2005 on all 4 companies.

9.7 Interviews with all 4 companies were carried out on 10th & 11th October 2005. After completing this stage of the process one company was excluded from the process, as they did not sufficiently fulfil the requirements of the contract (see footnote to Part B-B2).

9.8 Issues identified during the site visits and interviews were clarified in subsequent negotiation meetings, as well as negotiating on the areas identified in the specification. These meetings were carried out with the remaining 3 companies on

13th, 17th and 18th October 2005. As part of the negotiation process the companies were asked to submit proposals for providing a Volunteers Bureau for Haringey Council that would register and check the references of individuals seeking to offer their unpaid services to the Council.

9.9 Further negotiation and clarification meetings were carried out on 20th, 21st October 2005.

9.10 Best & Final Offer (BAFO) requests were issued on 24th October 2005 and returned on 28th October 2005. The evaluation criteria and its relevant weightings are shown below:

Systems	25 points
Pricing	25 points
Quality	40 points
Regeneration	10 points
Total	100 points

The BAFOs were evaluated on 3rd November and a preferred supplier selected (see Part B – B3). As part of the BAFO evaluation a pricing comparison was undertaken (see Part B – B4).

9.11 As a result of productive negotiation meetings the BAFO received from the preferred supplier showed favourable improvements in the bid price from their original submission (see Part B – B5) and the % share split of Total savings (see Part B – B7).

9.12 The preferred bidder BAFO sets out its bid in regard to regeneration, showing strong commitment to and experience of regeneration (Part B – B6).

9.13 The location of the Resource Centre is currently costed as being based outside of the London Borough of Haringey. The preferred bidder is able to establish a presence in Haringey if required, but this would incur additional costs and would require clarity of requirements by the Council.

9.14 Performance of the Resource Centre will be monitored by the Council's recruitment client officer and she will liaise, audit and guide suppliers and managers. The Resource Centre will be responsible for collating and reporting contract performance information against SLAs to be agreed for the tiered suppliers. The Council will audit the system of performance monitoring.

9.15 Key Performance Indicators (KPIs) will be used in the contract and will be further developed in the SLA to incentivise permanent recruitment, to embed the Council's equality and diversity policies (especially on the matter of age and changes to employment legislation), and to support our employment initiatives such as flexible working. The Council will retain arrangements as client to monitor and audit the KPIs.

10 Consultation

10.1 The proposed model has been developed in consultation with other London boroughs; soundings have been taken from providers of temporary staff, Haringey officers and managers. It has been shared with the unions who support measures aimed at reducing the use of temporary employment. The unions will be consulted further on the detail of the arrangements as they are determined. Lead Executive Members and the Leader have been briefed on the model and proposals for

procurement. Updates have been provided to the current contracted providers of temporary staff and stakeholder challenge workshops held with managers. The proposed model has been developed after researching the successes and weaknesses of other borough approaches.

- 10.2 Discussion with other London boroughs has identified a need for a regional approach to recruitment administration. The proposed model will be let to enable other boroughs and public sector bodies in Greater London to join. Current spend with recruitment agencies and usage amongst London boroughs is consistent with Haringey. A survey of boroughs indicates that of those able to identify temporary labour expenditure, annual spend figures of over £20 million (and £30 million in one case) were not uncommon.

11 Key Benefits

a) In awarding the contract to the Preferred Bidder (subject to due diligence)

- 11.1 The preferred bidder is a renowned organisation with extensive recruitment experience across all sectors (including public sector) of temporary and permanent staff, Executive Search & Overseas.
- 11.2 They scored significantly higher in most evaluation criteria (except price) and were a clear Best Value winner by a wide score margin in overall terms.
- 11.3 The preferred bidder is able to demonstrate high degrees of quality throughout their service and will 'add value' to the Council by use of Balanced Scorecards and experienced officers to support the Council's line managers.
- 11.4 Also very strong was their affinity with the Council's regeneration policies and Community Strategy. The preferred bidder is able to demonstrate tangible programmes with measured outcomes across a broad range of social issues.

b) Of a tiered supplier Procurement Model

- 11.5 The Resource Centre provider is Neutral and therefore does not supply any temporary workers themselves in this role. Their role is to ensure supply chain performance and to achieve efficiencies.
- 11.6 The Resource Centre is funded through a shared savings arrangement on temporary agency margins. The approximate share is 42% to the Resource Centre and 58% to the Council. To safeguard against unhealthy pursuit of savings, payments to the Resource Centre are linked to supply chain quality.
- 11.7 The Resource Centre will provide a 'one stop' service for all temporary staff including consultant assignments, removing much of the recruitment burden from line managers and thus creating process efficiencies.
- 11.8 The Resource Centre is able to monitor the entire temporary recruitment process and thus provide vital management information to the Council to enable effective control and Strategic Planning.
- 11.9 The Resource Centre is incentivised to monitor the use of temporary staff and THEY will provide permanent staff where appropriate in support of the Council's policy to reduce temporary labour in favour of an increased permanent workforce.

- 11.10 The SME supply chain is encouraged to compete for Council business in the 2nd tier, with Social Enterprises and Voluntary Organisations being sympathetically managed as 'niche' suppliers.

12 Summary and Conclusions

- 12.1 Members & Chief Officers are asked to note that the preferred bidder is also keen to secure one or two of the 1st Tier Prime Vendor contracts, but the Council maintains the power of veto. Any decisions to allow the Resource Centre to award tiered contracts 'to itself' will be strictly evaluated by CPU to avoid market domination and be subject to risk evaluation and a competitive process.
- 12.2 A review of arrangements for temporary staffing was undertaken in 2004 and the recommendation that a centrally co-ordinated temporary staff acquisition process was recommended. Consultation with Manager's within Haringey Council and current suppliers have taken place and a preferred model was proposed.
- 12.3 Members through a Member's Working Group and Procurement Committee have agreed the model and timetable for this procurement exercise. A thorough tendering process has been undertaken and the outcome is being recommended to the Procurement Committee in this report.
- 12.4 Members are asked to note the assumptions that have been used in the procurement process
- 12.4.1 The 18% mark up (exclusive of N.I and Working Time Directive) is an overall average based on a report compiled by ATOS/KPMG in 2004. This assumption will be tested through the Due Diligence process.
- 12.4.2 If the % mark up is proven to be different through the due diligence process CPU will re-negotiate on the shared savings percentage.
- 12.4.3 The estimated savings are based on the spend analysis for 2004-05 and the assumption is that spend will be of a similar value for 2006-07
- 12.4.4 The level of spend on temporary staff will reduce over the lifetime of the contract by an estimated £2m per annum to a level yet to be determined.

13 Recommendations

- 13.1 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 3.2 of this report, but subject to a satisfactory due diligence process.
- 13.2 That the contract be awarded for a period of 5 years with an option to extend for 2 further periods of 1 year each on the basis detailed in the report.
- 13.3 That the existing approved list for agency staffing, which expires on 20th January 2006, be extended until 31st March 2006.
- 13.4 That Members consider the option of establishing a Resource Centre presence within the borough of Haringey (see para 9.13) (but in the knowledge that any costs are currently excluded from the tender price).

14 Equalities Implications

- 14.1 The model has been designed to ensure that 50% of all staffing requirements from Haringey go through to a second tier supply chain that will comprise mainly of small and medium sized companies currently trading with the Council.
- 14.2 Equality evaluations were undertaken during the evaluation process, and the preferred supplier has a system that will enable the Council to record the ethnicity of temporary staff employed within Haringey Council.

15 Health and Safety Implications

- 15.1 Health and safety was evaluated as part of the tendering process and met the required standards. All bidders included reference to taking up CRB checks for staff when applicable.

16 Sustainability Implications

- 16.1 There is a requirement for interim staff and consultants to transfer their knowledge to permanent members of staff. This is beneficial as it provides added value, in terms of skills improvement and knowledge transfer, in the contractual staff base. This should be monitored.
- 16.2 Local economic opportunity should play a key role in this contract, both in the work and training available to local people and the ability for SMEs to supply services via the Resource Centre. This should be monitored.
- 16.3 The proximity of staff supplied has a potential impact on congestion and associated environmental impacts. This should be monitored and a green travel solution sought from the key vendor if necessary.

17 Financial Implications

- 17.1 Savings will be generated mainly from supply agency margins and secondly from internal Council efficiencies by removing a large portion of the recruitment burden from line managers.
- 17.2 See Part B ix).
- 17.3 See Part B x).

18 Comments of the Director of Finance

- 18.1 The Director of Finance has been consulted and comments are included in the body of the report. It will be important to have a clear monitoring in place to ensure that margins are lower and that the savings do accrue.

19 Comments of the Head of Legal Services

- 19.1 The contract has been tendered in the EU, using the restricted procedure under the Public Services Contracts Regulations 1993.
- 19.2 As the contract value exceeds £250,000 the proposed award must be approved by Members pursuant to CSO 11.3.

- 19.3 The Finance Directorate is also seeking an extension of the current approved list for agency staffing from its expiry date of 20th January 2006 to 31st March 2006.
- 19.4 The Procurement Committee has the power under CSO 13.2 to grant the extension.
- 19.5 The Head of Legal Services confirms that there are no legal reasons preventing members from approving the recommendations in paragraph 3 of this report.

20 Comments of the Head of Procurement

- 20.1 The recruitment model has been extensively tested through consultation and challenge and has proved to offer a good solution in the current market.
- 20.2 The procurement process was openly advertised through OJEU to ensure transparency and effective competition, even though this was not a mandatory EC requirement.
- 20.3 The evaluation of bidders was rigorous and has resulted in a clear preferred bidder.
- 20.4 There now needs to be a process of due diligence where-by the preferred bidder will verify current margins being paid by the Council. This is necessary since the bidders fees are based on an agreed percentage sharing of savings on these margins.
- 20.5 To avoid an unhealthy focus on driving down margins at the expense of quality in order to maximise Resource Centre income, payments have been linked to performance and measured through balanced scorecards.
- 20.6 The fact that Haringey have openly let this contract on behalf of other Public Sector Bodies in Greater London, demonstrates a commitment to collaboration and supports Gershon recommendations. This will result in those organisations that join the contract having quick access to flexible recruitment services. This will also produce efficiencies for those organisations and which Haringey can rightly take credit.
- 20.7 The proposed award of contract is based on Best Value

21 Use of Appendices / Tables / Photographs

- 21.1 Part B of this report contains exempt information.

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HARINGEY COUNCIL

Report to Procurement Committee

Agenda item

6th December 2005

Report Title: Community Care Strategy-Red House Refurbishment

Report of: Director of Social Services

Introduction by Executive Member for Health and Social Services

- 1. The Community Care Strategy (October 2004) recommended as part of the Councils overall approach to improving the range of, and quality of services for Older People, that the Red House underwent considerable refurbishment.**
- 2. This refurbishment will modernise the accommodation and contribute to improving the quality of life for Older People.**
- 3. The proposed works will exceed the minimum standards set by CSCI.**
- 4. Officers have full appraised me of all tender submissions and as such I concur with the recommendation.**

Ward: St Ann's

I. Purpose

- I.1 To seek Member approval for the award of the contract for the refurbishment of The Red House Residential Home.**

2. Recommendations

2.1 Members agree to award a contract for the refurbishment of The Red House Residential Home with a contract period of 28 weeks. See also Appendix 1.10.

Anne Bristow
Report Authorised by: Anne Bristow, Director of Social Services

Contact Officer: Mary Hennigan, Assistant Director, Older Peoples Services
Telephone: 020 8489 2326

3. Access to information

Local Government (Access to Information) Act 1985

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

The Care Standards Act 2000

Community Care Strategy for Older People : 5th October 2004

4 Background to project

- 4.1 The Council currently maintains three in-borough residential establishments with another in the process of rebuilding.
- 4.2 A condition survey and compliance assessment undertaken in 2002 identified necessary improvements that were required to bring these establishments into compliance with the National Minimum Care Standards as set out in the Care Standards Act 2000.
- 4.3 The Council's Community Care Strategy for Older People recommended the refurbishment of Cranwood, Broadwater Lodge and The Red House and the demolition and rebuild of Osborne Grove.
- 4.4 The refurbishment work at the Red House is considerably more extensive than the two other refurbishments, and as a consequence the design period was longer. It was therefore decided to carry out a separate procurement for The Red House. CSCI required commencement of the refurbishment works and therefore Cranwood and Broadwater Lodge have been undertaken ahead of this project. The decant of The Red House is dependent on the completion of these two homes' refurbishment.

5 Tenders

- 5.1 Five contractors were selected from the Council's approved list of building contractors, these are listed in Appendix I.1.
- 5.2 The contractors were invited to submit a tender based on a project construction programme of 28 weeks with alternative tenders A and B for keeping the tenders open for five and six months respectively.
- 5.3 Bids were evaluated on a Most Economically Advantageous Tender (MEAT) basis, with a quality: price ratio of 30% : 70%
 - a) recognising the budgetary interdependency of this project with the three other projects in the Community Care Strategy (Residential), and
 - b) following advice from Corporate Procurement Unit and Construction Procurement Group.
- 5.4 Contractors were asked to provide evidence in their response to a quality evaluation questionnaire. The questionnaire considered different areas relevant to the contractors' construction systems. The categories included:
 - Contract Management;
 - Supply Chain Management;
 - Client Liaison, Choice and Satisfaction;
 - Labour Resources, Recruitment, Training and Development;
 - Cost Management and Incentivisation;
 - Health, Safety and the Environment;
 - Sustainability and Quality.

- 5.5 The tenders, received on 27th October 05, are listed in Appendix 1.2 (these are exclusive of Contract Administrator, Quantity Surveyor, Planning Supervisor, Clerk of Works and Project Management fees).
- 5.6 The tendering records for the contractors for the six months from 28th April 05 to the receipt of tenders on 28th October 05 are listed in Appendix 1.3.

6 Evaluation

6.1 Quality Evaluation

- 6.1.1 The price/ quality split places a heavy emphasis on the importance of price and therefore the considerable gap between the third and fourth tender price made the fourth and fifth tender untenable. Based on the MEAT evaluation three contractors were invited to interviews held on the 7th November 05.
- 6.1.2 An evaluation panel comprising of the Construction Project Manager, Architect/ Contract Administrator, Quantity Surveyor and Internal Project Manager - evaluated quality submissions.
- 6.1.3 Each contractor was invited to an interview consisting of 14 questions prepared by the panel. The quality submissions and the interview responses were evaluated and marked by the panel and these scores contributed up to 30% of the collective scores for each contractor.

6.2 Price Evaluation

- 6.2.1 Haringey Council's in house design team evaluated the contractors' cost submissions. These scores then contributed 70% towards the collective score for the contractor.
- 6.2.2 The three Tenders were checked for arithmetical errors. One of the tenders was found to have no errors in the tender submissions. One tender was found to contain arithmetical errors amounting to £2,723, which would have the effect of increasing their tender. The contractor confirmed that they would stand by their original tender price.

6.3 Summary

- 6.3.1 The results of the evaluation process are summarised in the exempt report elsewhere on this agenda.

7 Project proposals

- 7.1 The contract period for the refurbishment project is proposed to start on the 23rd January, 2006. Residents in the two first floor units of the Red House will be decanted into their temporary accommodation in the Intermediate Care Units at Cranwood and Broadwater Lodge. The total contract period is 28 weeks.

8 Design, supervision & scheme costs

- 8.1 The design, supervision and scheme costs are attached in the exempt report elsewhere on this agenda.

9 Funding

- 9.1 The total Community Care Strategy budget agreed by members is £5.65m. The budget for the strategy is funded partly from capital receipts of £5m from the proposed sale of two residential homes, as set out in the Council's medium term financial strategy for the capital programme. The Executive allocated the balance of £650k on 14th June 2005 from the Investment Fund in respect of building a day centre at Osborne Grove and funding furniture and equipment at all the homes. The recommendation for the award of the contract is within the budget. The budget will be monitored in detail as part of the Council's budget management process.

10 Recommendations

- 10.1 Details are in the exempt report elsewhere on this agenda.

11 Equal Opportunities Implications

- 11.1 The scheme has been designed to allow the Authority to meet its Statutory requirements in relation to the Care Standards Act 2000 and the Disability Discrimination Act 1995 (DDA). Building Regulations Approved Documents 2004, Part M regarding access to and use of buildings will be complied with.
- 11.2 The design of this project ensures that innovative uses of both design and colour are used to enhance the ambience of the building for all types of users.
- 11.3 The contractors have been assessed with regard to equality issues such as race relations, equal pay and the sex discrimination acts.

12 Health & Safety Implications

- 12.1 All contractors have been assessed as competent under the Construction Health and Safety Assessment Scheme (CHAS), which is an industry wide body. They also comply with the requirements of the Council's Health and Safety policy.
- 12.2 The Construction Design and Management Regulations 1994 apply to this project and the contractor's Construction Phase Health and Safety Plan will be checked and approved by the Planning Supervisor prior to the commencement of work on site.

13 Environmental and Sustainability Issues

- 13.1 Sustainability issues have been addressed as part of the detailed design within the constraints of adapting an older building. For example, the refurbishment of The Red House will result in a better quality of life for the residents of the home.
- 13.2 Disposal of waste, recycling and renewable issues have been discussed with the contractor and requirements relating to this project have been stipulated in the tender documentation.

14 Comments of the Director of Finance

- 14.1 The Director of Finance has been consulted in detail and concurs with the content of the report and the funding arrangements as set out in paragraph 9.

15 Comments of the Head of Legal Services

- 15.1 The estimated value of the contract is below the threshold for tendering in the EU under the Public Works Contracts Regulations 1991. The threshold is £3,834,411.
- 15.2 The contract has been tendered in accordance with Contract Standing Orders in that tenderers from one of the Council's Approved Lists were invited to tender [see CSO 8, 2 (d)].
- 15.3 Because the value of the contract is in excess of £250,000 any award must be approved by Members in accordance with CSO 11.3.
- 15.4 The recommendation is to award the contract on the basis of the most economically advantageous tender in accordance with Contract Standing Order 11.1 (b).
- 15.5 The Head of Legal Services confirms that there is no legal reason preventing Members from approving the recommendations.

16 Comments of the Head of Procurement

- 16.1 This procurement has been carried out on the MEAT basis, which gives consideration to both price and quality. However, given its nature – i.e. that it is a refurbishment – it is reasonable to place more emphasis on the price element.
- 16.2 A thorough evaluation of the tenders has been undertaken, and supplemented with interviews of the appropriate suppliers.
- 16.3 A value engineering exercise has been undertaken to ensure that the procurement remains in budget, without significant detriment to the project requirements.
- 16.4 The Head of Procurement therefore supports the recommendation made at paragraph 10.

Report Title: Door Entry and Concierge Systems contract extensions

Report of: Director of Housing

1. Introduction by the Executive Member for Housing

Community Safety is a major concern of our tenants. Estate security improvements, including new and more sophisticated door entry systems have been identified as a high priority and activity in this field and the relevant activity has been substantially boosted this year by the extra investment made available for this purpose under the Better Haringey in Estates and the Better Estates programmes.

The extra activity combined with concerns about the performance of one of the contractors have dictated the need for a review of the current contractual arrangements. The report recommends some changes to, and an extension of, the current contracts of the remaining two contractors in order to allow time for an orderly tendering process, without disrupting the service.

As a matter of general principle I am against "extending" expiring contracts (as opposed to proper re-tendering), unless there are evident valid reasons. In this case I have accepted the officers' arguments that the proposed extension is necessary to avoid any damaging disruption to the service at this exceptionally pressurised (because of the Better Haringey boost for new entry systems in numerous estates) time.

I am always concerned about failures to meet previously agreed targets for proper tendering of such contracts, placing the authority in a situation where it has no alternative but to agree extensions and other short-term alternatives.

In this case I have accepted the reasons given for this failure and in particular the fact that the October 2004 invitation to potential firms for inclusion into the framework of approved contractors had failed to yield sufficient numbers of suitable contractors and that a further exercise has already been undertaken, likely to result in a satisfactory framework being available later this month.

I share the sentiments expressed by the Head of Corporate procurement and I have accepted the officers' assurances that the full tendering process will have been completed by the end of the proposed extension of the current contracts.

In the light of the above I believe that it is in the authority's interest to endorse the report's recommendations.

Cllr Isidoros Diakides

2. Purpose

- 2.1 To seek Member agreement to extend the contracts for Door Entry and Concierge Systems Maintenance

3. Recommendations

- 3.1 That Members agree to extend the contracts for the above project, as allowed under Contract Standing Order (CSO) 13.2 in accordance with the recommendations in paragraph 8 of this report.
- 3.2 That the contracts be extended for a period of seven months from 1st December 2005 to 31st June 2006. (Refer to Appendix 1.1 for contract sum).
- 3.3 That the total estimated cost be noted. (Refer to Appendix 1.2 for total costs).

Report authorised by:

Stephen Clarke
Director of Housing

Contact Officer: Les Armstrong, Head of Design and Engineering, Tel: 020 8489 1227

4. Access to information:

- 4.1 Appendix 1
Exempt on commercially sensitive grounds.

5. Background

- 5.1 Haringey Home and Building Services (HHBS) had put the following contract arrangements in place for Door Entry and Concierge Systems, from April 2002 to March 2005:

Cartel Security (Concierge Systems)
Eversafe Security (Door Entry Systems)
Ensign Ltd (Door Entry Systems)

In August 2004 the contract with Ensign Ltd was terminated (Refer to Appendix 1.3 for details). The requirement was subsequently transferred to Eversafe from August until March 2005 at Eversafe's contract rates.

- 5.2 Under the contracts both contractors provide planned preventative maintenance and breakdown cover.
- 5.3 The existing contracts have previously been extended to 31st November 2005 to allow additional time for the procurement of new contracts which were to incorporate the outcomes from a business process redesign project.
- 5.4 Eversafe's and Cartel's performance during the course of the contracts has consistently been good and since Eversafe took over the extra Door Entry work from Ensign, there has been 20% reduction in repair call-outs, a reduced number of complaints and closer liaison with housing staff.

6. Report

- 6.1 The original intention of implementing new maintenance contracts from 1st December 2005 will not now be met due to the following.
- 6.2 Resources have been directed towards the Council's priority of over £1m improvements in door entry systems within the BHEIP. As a consequence progress in renewing the maintenance contracts has been affected.
- 6.3 One of the key outcomes of the BPR (Business Process Redesign) is nearing completion but is unlikely to be in place until January 2006. This is to put in place direct IT links between the Council and its third party contractors using the core business system (OHMS) Although both contractors Cartel and Eversafe have been very positive regarding the process it is felt if they are unsuccessful in tendering for the new maintenance contracts the level of input required from them will be affected.
- 6.4 Advertisements for a framework of approved contractors were placed in October 2004 but after evaluation insufficient contractors passed the quality assessment. Re-advertisement has now taken place and the evaluation will be complete by mid November. The initial assessment indicates there will now be sufficient contractors to invite tenders.

6.5 Contract and Risk Management

- 6.6 The contracts are managed via monthly meetings with Design and Engineering. This will continue until 1st July 2006.
- 6.7 Extending the contracts gives a stable base on which to let robust contracts from 1st July 2006.

6.8 Sustainability Comment

- 6.9 We will work with the supplier to change materials used to environmentally preferable supplies. We will ask the contractor to provide details of all substances used that are controlled by COSHH and ask for benign substitutes whenever substitutes are available, this will reduce risk of accidents causing pollution and health implications. This is beneficial for the environment and residents health and in the long-term should provide savings on administration and disposal costs.
- 6.10 The improved maintenance programme performance had reduced repair call-outs by 20%.

This should mean less use of resources needed to manufacture component parts and less environmental pollution. We will set targets with the contractor for further call-out reductions.

- 6.11 This service provides social benefits for residents in terms of decreased fear of crime and improved security and contributes to achieving corporate objectives, i.e. to improve services and create safer communities.

7. Budget

- 7.1 This project will be funded from the Door Entry and Concierge Maintenance budget within the 2005/2006 and 2006/2007 general repairs programme.

7.2 Phasing of Expenditure

Refer to Appendix 1.4 for expenditure.

8. Recommendations

- 8.1 That Members agree to extend the contract for door entry systems with Eversafe Security Limited from 1st December for 7 months to 31st June 2006. (Refer to Appendix 1.5 for costs).
- 8.2 That Members agree to extend the contract for concierge systems with Cartel Security from 1st December for 7 months to 31st June 2006. (Refer to Appendix 1.6 for costs).
- 8.3 That the total estimated costs (including fees) be noted. (Refer to Appendix 1.7 for costs).

9. Equal Opportunities Implications

- 9.1 This security improvement will benefit all occupants of the properties, who include disabled, elderly, young children and people from the ethnic minority communities.

10. Health and Safety Implications

- 10.1 All the contractors invited to tender have been assessed as competent under the Construction Health and Safety Assessment Scheme (CHAS), which is an industry wide body. They also comply with the requirements of the Council's Health and Safety policy.
- 10.2 The Construction Design and Management regulations may apply to parts of this project and the contractor's Construction Phase Health and Safety Plan will be checked and approved by the Planning Supervisor before works start on site.

11. Leaseholder Implications

- 11.1 The Service Charge (Consultation Requirements) (England) Regulations 2003 require the Council to consult with leaseholders if the Council is proposing to enter into a Qualifying Long Term Agreement. Those regulations came into force on 30 September 2003. However, any agreement entered into before that time, provided it is for a period of more than twelve months, is not a Qualifying Long Term Agreement under the Regulations. The agreements with Cartel and Eversafe were entered into before 30 September 2003 and were for terms of more than twelve months. There is therefore no legal requirement for the Council to carry out consultation with leaseholders in relation to the proposed extensions of these agreements.

12. Comments of the Head of Finance

- 12.1 This scheme is estimated to cost £293,664 over 2 financial years as described in Appendix 1.
- 12.2 The expenditure is provided for in the Door Entry and Concierge Maintenance Budget.

13. Comments of the Head of Legal Services

- 13.1 Contract Standing Order 13.02 permits the Executive to vary or extend an existing contract. The Head of Legal Services confirms there are no legal reasons preventing members from approving the recommendation.

14. Comments of the Head of Procurement

- 14.1 The extension of this contract for 7 months will (and must) allow sufficient time to fully consider the market and contractors available for the proposed Framework Agreement to come into force in July 2006. Having just two contractors to meet the Service's needs in this area represents a higher risk than would be preferred.
- 14.2 Whilst the potential for a drop in performance of the incumbent suppliers might be a possibility during a re-tender phase, it is assumed that a robust method of performance measurement is in place for this and future contracts to prevent this from happening.
- 14.3 Given that HHBS is satisfied with the service provided by the two incumbent suppliers, the Service should invite both contractors to tender for the Framework Agreement, in addition to other contractors selected.
- 14.4 Providing the conditions outlined in the above points (14.1 – 14.3) are met, the Head of Procurement sees no reason preventing Members from approving the recommendations outlined in paragraph 8.

Procurement Committee**On 06 December 2005**Report Title: **Pembury House Children's Centre**Report of: **Director of The Children's Service****Introduction by Executive Member**

Children's Centres are a key part of the council's new Children's Service and in three years will provide services for almost 15,000 children under five, as well as services to older children and the wider community. In line with Government guidelines that children's centres should serve communities in the most deprived wards, the first ten centres will be located in the areas of greatest need. Pembury House has been selected as a suitable site for one of these children's centres and I support this report in its recommendation, particularly given the new centre is to be funded entirely by external sources as outlined in paragraph six.

Wards(s) affected: **Tottenham Hale**Report for: **Key Decision****1. Purpose**

1.1 To seek approval to award the contract for the extension to the nursery to provide Children's Centre facilities

2. Recommendations

2.1 That Members agree to award the contract for the above project to the contractor and for the price as specified in Appendix A as allowed under Contract Standing Order (CSO) 11, in accordance with the recommendations in paragraph 6 of this report.

Report Authorised by: **Deputy Director of The Children's Service, Community & Resources**

Signed..... Date

Contact Officer: **Brendan Wells – Head of Property & Contracts**

Report Author: **Tracey Inston 020 8489 1962**

3. Local Government (Access to Information) Act 1985

3.1 List of background documents:

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

- JCT 1998 Intermediate Form of Building Contract.
- Rethinking Construction - Policy & Strategy Committee April 2002.
- Pembury House feasibility study produced by Greenhill Jenner November 2004.
- Tender report produced by Dunlop Haywards November 2005.

3.2 Appendix A of this report is **not for publication** as it contains exempt information under the following categories:

(viii) The amount of any expenditure proposed to be incurred by the authority under any particular contract for the acquisition of property or the supply of goods or services.

And/or

(ix) Any terms proposed or to be proposed by or to the authority in the course of negotiations for a contract for the acquisition or disposal of property or the supply of goods or services.

4. Background to project

- 4.1 Pembury House Children's Centre is a day nursery in Landsdowne Road, N15. The Centre currently offers a range of services on site including sessional nursery care, family support and outreach as well as community education programmes.
- 4.2 Pembury House has been selected as suitable for provision of a Children's Centre, part of a network across the most deprived parts of the borough.
- 4.3 The project is to construct an extension to the existing building to provide a new community resource to be developed to meet local needs. This will include an enhanced entrance and waiting area, community/health room, new drop in/crèche, community education room and enhanced office and staff room. The capital project will enable delivery of integrated early education and childcare.
- 4.4 The design has been developed in conjunction with the Head and staff of the nursery. Services will be developed by Early Years, the nursery and key stakeholders to meet local needs.
- 4.5 During the construction works the nursery will continue a full service. Enabling works will be carried out in order to provide a temporary access and alternative entrance/reception area away from the building works. Certain services, such as the crèche and drop-in is to be temporarily relocated to the Landsdowne Clinic across the road from the nursery.

- 4.6 Planning permission has been received for the project.

5. Budget and funding

- 5.1 The project is funded entirely by external sources.
- 5.2 The Sure Start Unit have confirmed funding of £370,000 from the Park Lane Sure Start local programme.
- 5.3 An additional £100,000 is being sought from Children's Centre Capital (Phase 1) in order to develop the desired scheme in line with the project costs and required facilities. Further information on the tender costs has been submitted to the Sure Start Unit from the tender return and they are assessing the scheme's viability in terms of value for money, given the complexity of the site and numerous abnormalities within the scheme. Funding approval for this additional amount is awaited and approval to this report is subject to funding being confirmed.
- 5.4 Early Years and Play have agreed to fund certain items by Children's Centre Revenue. This includes ICT and fixtures & fittings, temporary accommodation costs and certain professional fees.
- 5.5 The funding was to be dependent on completion and opening of the new facility by end March 2006. Due to delays to the programme required to enable full consultation and in obtaining agreement to the proposals, the Sure Start Unit have agreed to slip the completion date to July 2006.

6. Recommendations

- 6.1 That Members award the contract for the new build and refurbishment works for Pembury House Children's Centre to the contractor as outlined at Appendix A as the most economically advantageous tender in delivering the required quality and specification.
- 6.2 The award of this contract will be subject to funding confirmation from the Sure Start Unit for Children's Centre Capital for the additional funding of £100,000.

7. Equalities Implications

- 7.1 The scheme has been designed to allow the Authority to meet its Statutory requirements in relation to the Disability Discrimination Act 1995 (DDA). Building Regulations Approved Documents 2004, Part M regarding access to and use of buildings will be complied with.
- 7.2 As the design of this project evolves the project team will ensure that innovative uses of both design and colour are used to enhance the ambience of the building for all types of users.
- 7.3 During the day the building will operate as a full day care nursery. It will also provide services for children, families and carers that will be designed to meet the requirements of the local community.
- 7.4 The contractors have been vetted with regard to equality issues such as race relations, equal pay act and the sex discrimination act.

8. Health & Safety Implications

- 8.1 All contractors have been assessed as competent under the Construction Health and Safety Assessment Scheme (CHAS), which is an industry-wide body. They also comply with the requirements of the Council's Health and Safety policy.
- 8.2 The Construction Design and Management Regulations 1994 apply to this project and the contractor's Construction Phase Health and Safety Plan will be checked and approved by the Planning Supervisor prior to the commencement of work on site.
- 8.3 The contractor will work with the nursery to ensure that the staff are satisfied with health and safety and security of the site, particularly within the existing building, and that the site presents no hazards or opportunities to curious children.

9. Environmental and Sustainability Issues

- 9.1 Greenhill Jenner Architects, the lead designers for the project, have worked closely with consultants to design a building that works efficiently and aims to achieve low levels of energy consumption. This is achieved through high levels of insulation and good day-lighting. By linking into existing services which are only a few years old one could argue a recycling strategy is being used rather than installing new plant.
- 9.2 The extension to Pembury House Children's Centre offers a well designed, long lasting building with minimum impact on the local and global environment and natural resources.
- 9.3 The facility is being design for local families and children. The new children's centre services are being designed by a local planning group to address local needs. The centre will be able to
- 9.4 Pembury House offers a programme of groups and drop-ins for local families that are linked to community education and 'back to work' initiatives. Services also include language support for children and families.

10. Comments of the Head of Legal Services

- 10.1 The estimated value of the contract is below the threshold for tendering in the EU under the Public Works Contracts Regulations 1991. The threshold is £3,834,411.
- 10.2 The contract has been tendered in accordance with Contract Standing Orders in that tenderers from one of the Council's Approved Lists were invited to tender [see CSO 8, 2 (d)].
- 10.3 Because the value of the contract is in excess of £250,000 any award must be approved by Members in accordance with CSO 11.3.
- 10.4 The recommendation is to award the contract on the basis of the most economically advantageous tender in accordance with Contract Standing Order 11.1 (b).
- 10.5 The Head of Legal Services confirms that there is no legal reason preventing Members from approving the recommendations.

11. Comments of the Head of Procurement

- 11.1 This procurement will provide a facility of outstanding value to the community in terms of essential parentcraft skills in the Tottenham Hale ward.
- 11.2 The procurement is below the EU threshold for this type of work.
- 11.3 Contractors to be considered have been selected from the CPG Approved List, and have therefore been verified as suitable for the work to be undertaken.
- 11.4 The project costs are in line with the pre-tender estimate and budget, having undergone a value engineering exercise.
- 11.5 Members are asked to approve the recommendation made at Paragraph 6, based on the price and contractor information held at Appendix A.
- 11.6 The tenders were evaluated on a lowest price basis, and the selected contractor meets this requirement.
- 11.7 The Head of Procurement therefore sees no reason preventing Members from approving the recommendation at Paragraph 6.

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Report Title: Landscape Architect Consultancy Services: Award of contract.

Report of: Director of Finance

1. Purpose:

- 1.1 To seek Member agreement to award the framework contract for the provision of Landscape Architect Consultancy Services.

The framework will provide a contractual mechanism for all Council Directorates to select Landscape Architect Consultants, without the need for further competition to be undertaken. It should be noted that the appointment of companies under this arrangement does not constitute a binding commitment to award, or agreement to carry out, work by either party.

1.2 Introduction from Executive Member

"The time and money savings to benefit the council are outlined in the Background section of the report and due process appears to have been followed to secure this contract.

In line with the supporting comments of senior officers from legal and finance, I recommend this report to the procurement committee"

- Councillor Richard Milner

2. Recommendations:

- 2.1 That Members agree to award the framework contract for the above services, as allowed under Contract Standing Order (CSO) 11, in accordance with the recommendations in paragraph 7 of this report.
- 2.2 That the contract be awarded for a period of 3 years with an option to extend for one further period of one year subject to satisfactory performance of the companies listed in Paragraph 7.

Report authorised by:

Signed: Date:

Contact Officer: D.Mulford

Telephone: 020 8489 1037

3 Access to information:

Local Government (Access to Information) Act 1985

3.1 List of background documents:

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

- Construction Related Consultants Services report 23rd March 2003

3.2 The appendix attached to this report (**Appendix A**) is **not for publication** as it contains exempt information under the following categories:

(i) The amount of any expenditure proposed to be incurred by the authority under any particular contract for the acquisition of property or the supply of goods or services.

And/or

(ii) Any terms proposed or to be proposed by or to the authority in the course of negotiations for a contract for the acquisition or disposal of property or the supply of goods or services.

4.0 Background

- 4.1 The Council currently has a construction related consultancy term services contract (the CRCS) which was awarded in March 2003. It originally sought to include and appoint Landscape Architects, but due to the quality and quantity of applications in this area, further consideration of the Council's requirements and further market testing were needed.
- 4.2 The services provided by the consultancy companies under the framework agreement proposed in this report will support the work of Services across the Council to deliver an agreed programme of works and services, and will provide the capacity to support additional approved work.
- 4.3 Time and cost efficiency gains will be delivered by the use of a framework agreement for the appointment of Landscape Architect consultants.
- 4.4 The framework agreement eliminates the need for a competitive tender to be undertaken for each appointment, as that competition has already been undertaken as part of the process of establishing the framework agreement.
- 4.5 The performance of the companies under the framework agreement will be monitored by the Corporate Procurement Unit (CPU)'s Construction Procurement Group (CPG) within the Finance Directorate and the mechanisms used will include:
- Monthly commissioning meetings
 - Client satisfaction surveys
 - Performance against agreed construction Key Performance Indicators
- 4.6 At the start of the contract period, work will be allocated on the following basis:
- the ranking achieved in the tender evaluation (subject to the company being the "best fit" for the work)
 - the volume of work already placed with the company through the current Construction Related Consultant Services (CRCS) contract (if applicable)
 - consideration of allocated work and the company's capability and capacity to undertake new work.

Once data has been collected regarding the performance of the individual Companies, the evaluation ranking element of the award criteria will be replaced by performance ranking. The data will be drawn from reports from Client Directorates and the measurement of achievement against key performance indicators

- 4.7 Directorates will be required to select consultants from this framework agreement where justified by the type of work to be undertaken.
- 4.8 Any requirement to select consultants not included on the framework agreement, or to deviate from the selection process (based on the above) must be fully justified.

5 Report

5.1 In accordance with the Public Services Contracts regulations, advertisements were placed in the Official Journal of the European Union (OJEU) on 23rd October 2005 and in *Regeneration and Renewal*, *Horticulture Week* and the *Architects Journal* for both the Urban Design Consultants and Landscape Architect Consultancy frameworks. All interested Consultants were required to complete a pre-qualification questionnaire.

5.1.1 Initially 172 companies expressed an interest for both the Urban Design and Landscape Architect Consultancy frameworks and 73 companies returned pre-qualification Questionnaires.

5.1.2 Following assessment by the Council, against its pre agreed criteria, 17 companies were excluded at the pre-qualification stages for failing to meet one or more of the following:

- The required criteria in individual evaluation areas were not met (i.e. Health and Safety, financial capacity, equalities etc) or
- for not achieving the pre-set overall pass mark. The pass mark was 58% for the Landscape Architect Consultancy framework.

5.1.3 10 companies were invited to tender of which 5 provided responses by the due date of 30th August 2005. The full list of companies who responded is provided at Appendix A.

5.2 Tender Evaluation

5.2.1 The bids submitted have been 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:

5.2.2 Quality – Stage 1

- Evaluation of the written submissions for each of the categories listed above (see 4.5) against the following criteria
- Technical evaluation of the method statements
- Financial Evaluation
- Quality Assurance
- Health and safety
- Equality evaluation by the Council's Equality advisor.
- Environmental issues including sustainability.

5.2.3 Quality Stage 2a

Interviews which comprised the following:

- A presentation against scenarios contained in the tender documents for a typical Council project. Each Company was

asked to approach the presentation from the perspective of the category of work it had been selected for interview.

- A question and answer session. The questions addressed technical competence but also tested the company's understanding of consultation, cost control and sustainability.

5.2.4 The Quality marks represented 70% of the total marks available and these were assessed on the tenderer's method statement, supplementary information to the pre-qualification questionnaire and the interview

5.2.5 The evaluation team included representatives from the Corporate Procurement Unit, Construction Procurement Group, Education, and Neighbourhood Management in the Chief Executives directorate.

5.2.6 Pricing

The pricing marks represented 30% of the total marks available. Each bidder had been asked to supply pricing matrices to be used against a broad scenario of possible project types and values. The bidders were required to provide three pricing elements, which were:

- Fee Percentages
- Lumps Sums
- Hourly Rates

5.2.7 The pricing element of the evaluation can be seen at Appendix A.

6.0 Budget

6.1 The fees will be paid through the relevant capital or revenue budgets on appointed projects.

7.0 Recommendations

7.1 That Members award framework contract for Landscape Architecture services to the following companies for a period of 3 years with an option to extend for a further period of one year:

Wynne Williams
Chris Blandford Associates
Farrer Huxley Associates

7.2 That Members approve the use of framework consultants as a first priority, eliminating the need to go out to tender, unless the framework consultants can be demonstrated not to be suitable.

8.0 Equal Opportunities Implications

8.1 The response to the pre-qualification questionnaires regarding the company's equalities policies were evaluated by the Council Equalities Advisor and the companies invited to Tender met the Councils criteria for Equality.

8.2 Equalities questions were further examined within the method statements submitted by the companies and within the interviews.

9.0 Health & Safety Implications

9.1 The response to the pre – qualification questionnaires regarding the companies' Health & Safety policies were evaluated by the Council and those companies invited to Tender met the Councils criteria for Health & Safety.

9.2 Health & Safety questions were further examined within the method statements submitted by the companies.

10.0 Sustainability Implications

10.1 The response to the pre-qualification questionnaires regarding the companies' sustainability policies were evaluated by the Council's sustainable development manager and the companies invited to tender met the Councils criteria for sustainability.

10.2 Sustainability questions were further examined within the method statements submitted by the companies and at interview.

11.0 Comments of the Director of Finance

11.1 Director of Finance has no additional comments to make.

12.0 Comments of the Head of Legal Services

12.1 The framework contract has been tendered in the EU in accordance with the Public Services Contracts Regulations 1993, using the restricted procedure.

12.2 Consultants for the framework have been selected based on the most economically advantageous tenders in accordance with Regulation 21 of the Public Services Contracts Regulations.

12.3 As the contract value is likely to exceed £250,000 the proposed award must be approved by Members pursuant to CSO 11.3.

12.4 The Head of Legal Services confirms that there are no legal reasons preventing members from approving the recommendation in paragraph 2 of this report.

13.0 Comments of the Head of Procurement

13.1 The Head of Procurement has sponsored the establishment of a number of framework agreements, of which this Landscape Architect Consultancy is one of a series that members will soon be asked to approve.

13.2 Framework agreements provide a faster route to market for those procuring capital and construction services, thereby contributing to efficiency and efficiency savings.

- 13.3 In order to ensure that framework agreements develop the local economy, care has been taken to select those contractors to this framework agreement who recognise and can contribute to Haringey's community strategy.
- 13.4 End user clients have been consulted throughout this process and have been involved in the selection of the consultants.

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Report Title: Urban Regeneration Consultancy Services: Award of contract.

Report of: Director of Finance

1. Purpose:

- 1.1 To seek Member agreement to award the framework contract for the provision of Urban Regeneration Consultancy Services.

The framework will provide a contractual mechanism for all Council Directorates to select Urban Regeneration Consultants without the need for further competition to be undertaken. It should be noted that the appointment of companies under this arrangement does not constitute a binding commitment to award, or agreement to carry out, work by either party.

1.2 Introduction from Executive Member

"The time and money savings to benefit the council are outlined in the Background section of the report and due process appears to have been followed to secure this contract.

In line with the supporting comments of senior officers from legal and finance, I recommend this report to the procurement committee"

- Councillor Richard Milner

2. Recommendations:

- 2.1 That Members agree to award the framework contract for the above services, as allowed under Contract Standing Order (CSO) 11, in accordance with the recommendations in paragraph 7 of this report.
- 2.2 That the contract be awarded for a period of 3 years with an option to extend for one further period of one year subject to satisfactory performance of the companies listed in Paragraph 7.

Report authorised by:

Signed: Date:

Contact Officer: D.Mulford

Telephone: 020 8489 1037

3 Access to information:

Local Government (Access to Information) Act 1985

3.1 List of background documents:

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

- Construction Related Consultants Services report 23rd March 2003

3.2 The appendix attached to this report (**Appendix A**) is **not for publication** as it contains exempt information under the following categories:

(i) The amount of any expenditure proposed to be incurred by the authority under any particular contract for the acquisition of property or the supply of goods or services.

And/or

(ii) Any terms proposed or to be proposed by or to the authority in the course of negotiations for a contract for the acquisition or disposal of property or the supply of goods or services.

4.0 Background

- 4.1 The Council currently has a construction related consultancy (CRCS) term services contract which was placed in March 2003. It originally sought to include Urban Regeneration consultants in the contract, but due to the quality and quantity of applications in this area, further consideration of the Council's requirements and further market testing were needed.
- 4.2 The services provided by the consultancy companies under the framework agreement proposed in this report will support the work of Services across the Council to deliver an agreed programme of works and services, and will provide the capacity to support additional approved work.
- 4.3 Time and cost efficiency gains will be delivered by the use of a framework agreement for the appointment of Urban Regeneration consultants.
- 4.4 The framework agreement eliminates the need for a competitive tender to be undertaken for each appointment, as that competition has already been undertaken as part of the process of establishing the framework agreement.
- 4.5 The performance of the companies under the framework agreement will be monitored by the Corporate Procurement Unit (CPU)'s Construction Procurement Group (CPG) within the Finance Directorate and the mechanisms used will include :
- Monthly commissioning meetings
 - Client satisfaction surveys
 - Performance against agreed construction Key Performance Indicators
- 4.6 At the start of the contract period, work will be allocated on the following basis:
- the ranking achieved in the tender evaluation (subject to the company being the "best fit" for the work)
 - the volume of work already placed with the company through the current Construction Related Consultant Services (CRCS) contract (if applicable)
 - consideration of allocated work and the company's capability and capacity to undertake new work.

Once data has been collected regarding the performance of the individual Companies, the evaluation ranking element of the award criteria will be replaced by performance ranking. The data will be drawn from reports from Client Directorates and the measurement of achievement against key performance indicators.

- 4.7 Directorates will be required to select consultants from this framework agreement where justified by the type of work to be undertaken.
- 4.8 Any requirement to select consultants not included on the framework agreement, or to deviate from the selection process (based on the above) must be fully justified.

5.0 Report

5.1 In accordance with the Public Services Contracts regulations advertisements were placed in the Official Journal of the European Union (OJEU) on 23rd October 2005 and in *Regeneration and Renewal, Horticulture Week* and the *Architects Journal* for the Urban Regeneration and Landscape Architecture Consultancy frameworks. All interested Consultants were required to complete a pre-qualification questionnaire.

5.1.1 172 companies initially expressed an interest for both the Urban Regeneration and Landscape Architecture Consultancy frameworks and 73 companies returned Pre Qualification Questionnaires.

5.1.2 Following assessment by the Council, against its pre agreed criteria, 41 companies were excluded at the pre qualification stages for failing to meet one or more of the following:

- the required criteria in individual evaluation areas were not met (i.e. Health and Safety, financial capacity, equalities, experience, key knowledge skills etc) or
- for not achieving the pre- set overall pass mark. The pass mark was 72.5% for the Urban Regeneration Consultancy framework.

5.1.3 23 companies were invited to tender of which 15 provided responses by the due date of 5th September 2005. The full list of companies who responded is provided at Appendix A.

5.2 Tender Evaluation

5.2.1 The bids submitted have been 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

5.2.2 Quality – Stage 1

- Evaluation of the written submissions for each of the categories listed above (see 4.5) against the following criteria
- Technical evaluation of the method statements
- Financial Evaluation
- Quality Assurance
- Health and safety
- Equality evaluation by the Council's Equality advisor.
- Environmental issues including sustainability.

5.2.3 Quality Stage 2a

Interviews which comprised the following

- A presentation against scenarios contained in the tender documents for a typical Council project. Each Company was asked to approach the presentation from the perspective of the category of work it had been selected for interview.

- A question and answer session. The questions addressed technical competence but also tested the company's understanding of consultation, cost control and sustainability.

5.2.5 The Quality marks represented 70% of the total marks available and these were assessed on the tenderer's method statement, supplementary information to the pre-qualification questionnaire and the interview

5.2.6 The evaluation team included representatives from the Corporate Procurement Unit, Construction Procurement Group, Education, and Neighbourhood Management in the Chief Executives directorate.

5.2.7 Pricing

The pricing marks represented 30% of the total marks available. Each bidder had been asked to supply pricing matrices to be used against a broad scenario of possible project types and values. The bidders were required to provide three pricing elements, which were:

- Fee Percentages
- Lumps Sums
- Hourly Rates

5.2.8 The pricing element of the evaluation can be seen at Appendix A.

6.0 Budget

6.1 The fees will be paid through the relevant capital or revenue budgets on appointed projects.

7.0 Recommendations

7.1 That Members award the framework contract for the provision of Urban Regeneration services to the following companies for a period of 3 years with an option to extend for a further period of one year.

Dunlop Haywards
Sprunt Limited
Penoyre and Prasad
Pedder and Scampton Architects Ltd
Curl la Tourelle
Capita Symonds,
Dearle and Henderson,
AYH plc.

7.2 That Members approve the use of framework consultants as a first priority, eliminating the need to go out to tender, unless the framework consultants can be demonstrated not to be suitable.

8.0 Equal Opportunities Implications

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 Council's criteria for Equality. Equalities questions were further examined within the method statements submitted by the companies and within the interviews.

9.0 Health & Safety Implications

9.1 The response to the pre-qualification questionnaires regarding the company's Health & Safety policies were evaluated by the Council and the companies invited to tender met the Council's criteria for Health & Safety, including Contractor Design and Maintenance (CDM) requirements, and office policies.

9.2 Health & Safety questions were further examined within the method statements submitted by the companies.

10.0 Sustainability Implications

10.1 The response to the pre-qualification questionnaires regarding the companies' sustainability policies were evaluated by the Council's sustainable development manager and the companies invited to tender met the Council's criteria for sustainability.

10.2 Sustainability questions were further examined within the method statements submitted by the companies and at interview.

11.0 Comments of the Director of Finance

11.1 Director of Finance has no additional comments to make.

12.0 Comments of the Head of Legal Services

12.1 The framework contract has been tendered in the EU in accordance with the Public Services Contracts Regulations 1993, using the restricted procedure.

12.2 Consultants for the framework have been selected based on the most economically advantageous tenders in accordance with Regulation 21 of the Public Services Contracts Regulations.

12.3 As the contract value is likely to exceed £250,000 the proposed award must be approved by Members pursuant to CSO 11.3

12.4 The Head of Legal Services confirms that there are no legal reasons preventing members from approving the recommendation in paragraph 2 of this report.

13.0 Comments of the Head of Procurement

13.1 The Head of Procurement has sponsored the establishment of a number of framework agreements, of which this Urban Regeneration Consultancy is one of a series that members will soon be asked to approve.

- 13.2 Framework agreements provide a faster route to market for those procuring capital and construction services, thereby contributing to efficiency and efficiency savings.
- 13.3 In order to ensure that framework agreements develop the local economy, care has been taken to select those contractors to this framework agreement who recognise and can contribute to Haringey's community strategy.
- 13.4 End user clients have been consulted throughout this process and have been involved in the selection of the consultants.

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Report Title: **Disability Discrimination Act; Alterations to buildings Phase 3:
Award of contract**

Report of: **Interim Head of Property Services**

Wards(s) affected: **All**

Report for: **Decision**

1.0 Purpose

1.1 To seek Member agreement to award the contract for the alteration to buildings (phase 3) to meet the requirements of the Disability Discrimination Act

2.0 Introduction by the Lead Member for Finance

2.1 The DDA requires organisations provide accessible buildings and the award of this contract is designed to ensure Haringey complies with the Act. The details of the award of the contract are set out from section 8 onwards.

3.0 Recommendation

3.1 That Members agree to award the contract to the value of £330,346.50 for the above project, as allowed under Contract Standing Order (CSO) 11, in accordance with the recommendations in paragraph 11 of this report.

Report Authorised by: **Andrew Travers. Director of Finance**

Signed:.....

Date:.....

Contact Officer: **Martin Cable. Team Leader - Accommodation Projects**
Telephone: **0208 489 2625**

4.0 Executive Summary

4.1 This report seeks approval for the award of contract for the alterations to public areas of Council occupied buildings (Phase 3) to improve disabled accessibility

as required by the Disability Discrimination Act.

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

5.1 None

6.0 Local Government (Access to Information) Act 1985

6.1 The appendix attached to this report is not for publication as it contains exempt information under the following categories in the Local Government (Access to Information) Act 1985:

(viii) The amount of any expenditure proposed to be incurred by the authority under any particular contract for the acquisition of property or the supply of goods or services.

(ix) Any terms proposed or to be proposed by or to the authority in the course of negotiations for a contract for the acquisition or disposal of property or the supply of goods or services.

6.2 Disability Discrimination Act 1995

7.0 Background

The Disability Discrimination Act (DDA) requires that public areas of buildings allow access to services for those with disabilities. The definition of disability is wider than the traditional focus on wheelchair access and encompasses other disabilities such as those with visual, hearing and learning impairments.

7.1 Alterations have already been completed to a range of buildings including Libraries, Administrative Buildings and Residential Homes in Phases 1&2. This report relates to the final phase of the works (Phase 3) to a mix of buildings including Neighbourhood Offices, Changing Facilities and Conservation areas.

7.2 The contract involves a wide range of works including the fitting of Induction hearing loops, entryphones, stair and ramp improvements, doorway alterations and the relocation of items such as accessible toilet support rails.

7.3 Where applicable we will reusing existing materials and utilising energy efficient appliances i.e low water usage W.C. cisterns and aerated shower heads.

8.0 Description

8.1 All of these buildings have had an access audit carried out by an independant surveyor. These audits have been converted into a works specification taking into account criteria such as the projected life of the building, practicality, cost and 'reasonableness' which is a subjective criteria for which the act allows.

- 8.2 The Construction Procurement group selected 4 contractors from the approved list with the returns as detailed in **Appendix 1**.
- 8.3 A summary of the consultant surveyor's tender analysis report for Phase 3 adaptations is as follows.
The four contractors were invited to tender on either a fixed price contract over a contract period of 14 weeks or over a period set by the contractor. Only 2 submitted a price for the 14 week contract period. The four contractors all submitted a price for the contract over a longer timescale contract period.
None of the tenders were qualified in anyway and no arithmetical errors were found in the tenders.
The tender evaluation was based on the lowest price. The pricing is considered to be consistent and competitive. The lowest price tender with a contract period of 20 weeks was selected as it was considered to represent the best value for money and to be satisfactory as the basis for a contract.

Works are to be carried out under Construction Design and Management and Health and Safety regulations and subject to receipt of satisfactory Health and Safety Plans.

A pre-tender estimate for these works including Preliminaries and contingency sums was within 0.5% of the estimate.

9.0 Consultation

- 9.1 Local disabled groups have been consulted on the overall scope of this project through the Haringey Consultative Disability Committee.

10.0 Financial Implications

- 10.1 Provision for this programme of works and fees to Phase 3 buildings has been made within the Property Services Capital Budget 2005/06.

11.0 Summary and Conclusions

- 11.1 In summary, the consultants consider that the lowest bid be accepted, with a contract in the sum of £330,346.50 for a term of 20 weeks.

12.0 Recommendations

- 12.1 That Members award the contract for Phase 3 Building adaptations to the lowest tender.

13.0 Comments of the Director of Finance

- 13.1 The Director of Finance has no additional comments to make.

14.0 Comments of the Head of Legal Services

- 14.1 The estimated value of the contract is below the threshold for tendering in the EU under Public Works Contracts Regulations 1991. The threshold is £3,834,411.
- 14.2 The contract has been tendered in accordance with Contract Standing Orders in that the tenderers from one of the Councils Approved Lists were invited to tender (see CSO 8.2 (d)).
- 14.3 Because the value of the contract is in excess of £250,000. Any award must be approved by Members in accordance with CSO 11.3.
- 14.4 The recommendation is to award the contract on the basis of the lowest tender in accordance with Contract Standing Order 11.1(a).
- 14.5 The Head of Legal Services confirms that there is no legal reason preventing Members from approving the recommendations.

15.0 Comments of the Head of Procurement

- 15.1 This procurement is necessary under the Disability Discrimination Act 1985.
- 15.2 The procurement seeks to appoint a suitable contractor to carry out the works specified. These works have already been clearly defined by an independent surveyor, and a pre – tender estimate of the costs of the works has been made.
- 15.3 The recommendation to appoint Linbrook Services Ltd. as contractor for the works is based on their ability to provide a suitably costed proposal of work, and within an appropriate timeframe.
- 15.4 The procurement has sought to acquire a reasonable and competitive bid from a suitable number of contractors from the Haringey Approved list of Contractors.
- 15.5 In summary, the Head of Procurement is satisfied that this procurement is competitive and commercially sound and sees no reason preventing Members from approving the recommendation made at paragraph 12.1 of this report.

16.0 Equalities Implications

- 16.1 These works are part of the Council's commitment to the Disability Discrimination Act. We will be improving accessibility and creating greater opportunities for social inclusion for those people with disabilities, and we are complying with the Disability Discrimination Act.

17.0 Use of Appendices / Tables / Photographs

- 17.1 Appendix 1 – Tender Returns.

Procurement Committee On 6th December 2005

Report Title: **Internal Audit Services: Novation of contract**

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

Report of: **Director of Finance**

Wards(s) affected: **All**

Report for: **Non-key decision**

1. Purpose

1.1 To seek Member agreement to novate the contract for the provision of internal audit services.

2. Introduction by Executive Member

2.1 Deloitte and Touche LLP has provided Haringey with internal audit services since 2001. Following the establishment of a specific subsidiary (Deloitte and Touche Public Sector Internal Audit Ltd) members are required to transfer the contract formally to the new entity.

3. Recommendations

3.1 That Members agree to novate the contract for the above project, as allowed under Contract Standing Order (CSO) 14, in accordance with the recommendations in paragraph 10.1 of this report.

Report Authorised by: **Director of Finance**

Contact Officer: Anne Woods, Head of Audit and Risk Management

Tel: 020 8489 5973

Email: anne.woods@haringey.gov.uk

4. Executive Summary

4.1 The Council has a contract with Deloitte and Touche LLP (D&T) for the provision of

internal audit services. This 5 year contract was awarded in 2001, and a one year extension, in accordance with the terms and conditions of the original contract and Contract Standing Orders 13.0.1 (a), was formally approved by the Director of Finance on 10/11/05.

4.2 D&T has now set up a subsidiary company – Deloitte and Touche Public Sector Internal Audit Ltd – which it is proposed takes over their existing public sector contracts.

4.3 In order to comply with legal requirements, there needs to be a formal transfer (novation) of the contract from D&T to Deloitte and Touche Public Sector Audit Ltd. This transfer takes the form of a novation agreement, and all existing terms and conditions will be maintained.

4.4 In order to comply with Haringey's Contract Standing Orders, the novation agreement needs to be formally approved by the Procurement Committee.

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

5.1 None

6. Local Government (Access to Information) Act 1985

6.1 List of background documents:

- Deloitte and Touche contract
- Novation letter 19/9/05

7. Background

7.1 The majority of Haringey Council's internal audit service is currently provided by Deloitte and Touche LLP (D&T). The contract has been in place since November 2001 and approval was obtained at the Audit and Finance Scrutiny Panel in April 2005 to incorporate contract and procurement audit into the existing contract.

7.2 The contract has been operating satisfactorily and has shown improvements in both completion percentages and satisfaction levels from clients over the last two years. Regular contract monitoring meetings and review processes ensure that the terms and conditions of the contract are complied with.

7.3 Although 2005/06 is the last year of the current D&T contract, the terms and conditions allow for an extension of a further 12 months. To ensure the Council has a cost effective and efficient internal audit function, the Council exercised its right to extend the current contract, in accordance with the Council's Contract Standing Orders (CSO 13.0.1 (a)). This was formally approved by the Director of Finance on 10/11/05.

7.4 D&T has now set up a subsidiary company – Deloitte and Touche Public Sector Internal Audit Ltd – which it is proposed takes over their existing public sector

contracts. No changes to the existing contract terms and conditions are proposed by Haringey, or D&T.

7.5 D&T, the parent company, will no longer provide internal audit services to the public sector directly, therefore the Council needs to ensure that it continues to be able to discharge its statutory functions with regards to internal audit. The transfer of the contract to the new company would ensure that appropriate service provision is maintained.

7.6 In order to comply with legal requirements, there needs to be a formal transfer (novation) of the contract from D&T to Deloitte and Touche Public Sector Audit Ltd. This transfer takes the form of a novation agreement, and all existing terms and conditions will be maintained.

8. Budget

8.1 The existing contract terms and conditions include agreed annual increases to the charges made for completing the internal audit work. The contract sum is included within the budget for Audit and Risk Management.

9. Summary and Conclusions

9.1 Deloitte and Touche Public Sector Internal Audit Ltd will continue to provide the same services, based on the same terms and conditions as the previous contract with D&T. The novation will not have any detrimental impact on the operational provision of the service and the costs of the contract will continue to be contained within the revenue budget for Audit and Risk Management.

9.2 The parent company will no longer provide internal audit services to the public sector, therefore the Council needs to ensure that it continues to be able to discharge its statutory functions with regard to internal audit. Transferring the contract to Deloitte and Touche Internal Audit Services Ltd ensures that the Council maintains an appropriate internal audit function.

10. Recommendations

10.1 That Members approve the novation of the contract for internal audit services from Deloitte and Touche LLP to Deloitte and Touche Public Sector Internal Audit Services Ltd. The contract sum for 2006/07 will be approximately £350,000, minor variations to this sum may occur depending on any revisions agreed to the total amount of work completed.

11. Equalities Implications

11.1 There are no equalities implications arising from the novation of this contract

12. Health and Safety Implications

12.1 There are no health and safety implications arising from the novation of this contract

13. Sustainability Implications

13.1 There are no sustainability implications arising from the novation of this contract.

14. Financial Implications

14.1 The contract sum is included within the budget for Audit and Risk Management and can therefore be contained within the Audit and Risk Management revenue budget for 2006/07. There are no other financial implications relating to the extension of or the novation to the contract.

15. Comments of the Director of Finance

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

16. Comments of the Head of Legal Services

16.1 In accordance with Contract Standing Order 14.01, the Executive must agree to a Novation of contracts of a value in excess of £250,000 (two hundred and fifty thousand pounds).

16.2 A formal Deed of Novation will be required between The London Borough of Haringey, Deloitte and Touche LLP and Deloitte and Touche Public Sector Internal Audit Services Limited.

16.3 Legal Services recommends that a Parent Company Guarantee be obtained from Deloitte and Touche Public Sector Internal Audit Services Limited to protect the Council's interest in the future performance of this contract.

16.4 The Head of Legal Services confirms that there is no legal reason preventing Members from approving the recommendations.

17. Comments of the Head of Procurement

17.1 This contract novation is in line with the Procurement Code of Practice.

17.2 The novation of Contract ensures contractual compliance and mitigates risk to the Council.

17.3 Regular contract monitoring meetings are taking place to ensure performance against the contract is fully compliant.

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