



Agenda item:

[No.]

Procurement Committee

On 15th September 2009

Report Title. 2nd extension of consultants contract in PR&E

Report of **Niall Bolger**, Director of Urban Environment

Signed :

 4th September 2009

Contact Officer: **Marc Dorfman** Assistant Director, Planning Regeneration & Economy .Tel ext 5538

Wards(s) affected:

Report for: **Non - Key**

1. Purpose of the report (That is, the decision required)

1.1. To seek the Procurement Committees agreement to grant a second extension to the consultant (*see exemption note 1&4*).

2. Introduction by Cabinet Member (if necessary)

2.1. This extension will provide the necessary additional expertise required to maintain the impetus on driving through many of the key site developments currently taking place in the borough.

2.2. It is in the Council's interest to ensure that maximum benefits are derived from these developments. The difficult financial climate requires that all schemes are closely scrutinised, and negotiations for Section 106 funding will require the highest level of expertise to safeguard the Council's interests.

3. State link(s) with Council Plan Priorities and actions and /or other Strategies:

- 3.1 The Tottenham Hale and Haringey Heartland areas are identified as the growth points in the Borough. The Council has over the years prepared number of regeneration frameworks, masterplans and strategies to promote the development and regeneration in Tottenham Hale and Haringey Heartlands. The implementation of future development in these areas to meet the aspirations set out in the masterplan, strategies and regeneration framework is very important and the delivery of housing development and regeneration targets requires officers to work closely with the developers and to negotiate best development options.
- 3.2 Other Council Strategies and Plans, in particular the Regeneration Strategy, Housing Strategy and the Greenest Borough Strategy, also support the wider regeneration and environmental initiatives.

4. Recommendation

- 4.1. For the Procurement Committee to approve the 2nd extension of this contract and to waive the requirement for a formal tendering process.

5. Reason for recommendation(s)

- 5.1 A waiver of CSO 6.04 was agreed on 16th January 2009. A contract was set up for the consultant commencing on 19th January 2009 and a completion date of 30th June 2009. The contract period allowed for an extension of up to 3 months – this would take the completion date to 30th September 2009. A second extension is required from 1st October to 31st March 2010.
- 5.2a) The training of frontline staff in the financial evaluation of large scale schemes is considered a priority. The consultant is required to further develop the training of staff in the use of the 3 Dragons toolkit and to provide support in its use.
- b) This training is urgently required, and represents excellent value for money as it will negate the need for future outsourcing of financial evaluations. The average cost for outsourcing financial evaluations of larger schemes including Haringey Heartlands, and Tottenham Hale is in the region of £30 - £40k per scheme. The service is currently working on a number of major schemes which the consultant will be required to financially evaluate.
- c) The training will provide an opportunity to further enhance the in-house skill base for this important area of work.

- 5.3 The lack of in-house expertise in dealing with detailed Section 106 negotiations

for major schemes such as Tottenham Hale and Haringey Heartlands requires that this work be currently managed by a consultant.

5.4 Due to a lack of existing in-house resources the consultant is required to project manage the Tottenham Hale developments. The time frame for this work is considered urgent, and the existing consultant has developed an in depth understanding of the issues associated with scheme and is therefore well placed to deliver the service required without delay.

5.5 The consultant is one of the very few London public sector planners who can combine large project management and high level negotiation on Section 106 and development feasibility.

5.6 This is an area of work with a known deficiency in the planning field, and it is particularly critical during the recession where schemes are stalling because of lack of value and finance and critical re negotiations need to take place including applying for support to the Housing and Community Agency.

5.7 The risks to the Council for not completing this work are; lack of progress on delivering the key major sites developments, and a significant financial loss (potentially £20-25 millions) of Section 106 contributions.

5.8 The total value of the contract awarded to the consultant to date is £60k. If the proposed extension is approved, this will bring the total contract value to £110k.

5.9 The consultant work will be monitored on a weekly basis by 1:1 meeting with the Assistant Director.

6. Other options considered

6.1. Due to the time frames associated with this work it is in- practical to consider a formal tendering process. Moreover this is a specialist area of work which is difficult to recruit to.

7. Summary

7.1. The Planning Regeneration & Economy Service is required to ensure that the above schemes are successfully delivered within the defined time frames, and to a standard that meets the aspirations of the Council and the community it represents. The need to bring in the necessary expertise to help train existing staff and help to deliver the major projects is paramount. The extension of this contract is required in order to meet these demands.

8. Chief Financial Officer Comments

8.1. The report seeks the Procurement Committee's agreement to grant a second extension to a consultant for six months from 1st October 2009 to 31st March 2010 at an estimated cost of up to £50k. This is to be contained within existing budgets.

8.2. Under Contract Standing Orders, a Director is only able to agree a single extension of a contract by up to six months. This second extension may be agreed by the Procurement Committee under CSO13.02.

9. Head of Legal Services Comments

9.1. This contract is below the threshold where tendering is required under the Public Contracts Regulations 2006.

9.2. Urban Environment Directorate requires an extension to the contract with the consultant named in the Appendix to this report.

9.3. One extension of three months provided for within the terms of the contract has already been granted by the Director.

9.4. Contract Standing Order 13.02 allows the Cabinet Procurement Committee to authorise a further extension of contract.

9.5. The Head of Legal Services confirms that there are no legal reasons preventing Members from approving the recommendations contained in this report.

10. Head of Procurement Comments – [Required for Procurement Committee]

10.1. This recommendation is in line with the Procurement Code of Practise.

10.2. The contract will be monitored by weekly one to ones to ensure that the agreed targets are met.

10.3. This is a VFM option as it allows for the transfer of skills to enable council staff to undertake work within current budgets as opposed to outsourcing at £30- 40k per project.

10.4. The recommendation mitigates the risks to the Council of not delivering the key major sites developments, and a significant financial loss (potentially running into millions) of Section 106 contributions

11. Equalities & Community Cohesion Comments

The impact of these projects on the community will be considered in detail as part of the Planning process and consultation.

12. Consultation

12.1. n/a

13. Service Financial Comments

13.1. The costs will be up to £50k and will be contained within the existing revenue budgets. (see exemption notes 1&3).

14. Use of appendices /Tables and photographs

14.1. (see exemption note 2). Contract, Business Case and Waiver.

15. Local Government (Access to Information) Act 1985

15.1. Procurement Manual – Code of Conduct

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

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