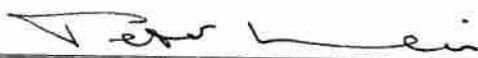


PROCUREMENT COMMITTEE		On 27th April 2010
Report Title.		
Building Schools for the Future: BSF Programme Support		
Report authorised by : Director of the Children & Young People's Service		
Signature : 		
Contact Officer : Jon McGrath		
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Wards(s) affected: Various	Report for: Key Decision	
1. Purpose of the report		
1.1 To seek Procurement Committee approval for the extension of an existing contract to secure additional BSF Programme Support resources required to minimise risk in completing the delivery and closure phase of BSF projects and programme.		
2. Introduction by Cabinet Member		
2.1 I am happy to support the recommendations in the report in order to secure the smooth completion of the BSF programme. I am satisfied that the appropriate procedures have been followed.		
3. State link(s) with Council Plan Priorities and actions and /or other Strategies:		
3.1 Council Priorities		
3.1.1 Making Haringey one of London's Greenest Boroughs		
3.1.1.1. The Council's Programme Support function supports the Building Schools for the Future programme in exhibiting a number of sustainability features. They play a supporting role in ensuring that the appointed Construction Partners are working in accordance with the Council's policies and the Councils Requirements for each individual project, and that the projects achieve their BREEAM and renewables targets.		

3.1.2 Creating a Better Haringey: Cleaner, Greener and Safer

3.1.2.1. The Programme Support function is involved in supporting the Construction partners conform to sustainable greener methods of working.

3.1.3 Encouraging Lifetime Well Being, at Home, Work, Play and Learning

3.1.3.1. The Programme Support function works closely with the BSF Transformation stream in contributing towards providing schemes which will transform outcomes for young people in Haringey by improving the learning environment, providing anywhere/anytime access to ICT, increasing inclusion and providing a wider range of pathways of study.

3.1.3.2. The BSF programme will improve access to extended services in and around schools and contribute to improving community cohesion. Examples include access to out of hours study support for children and families, sports and the arts. This project is proposing a new hall which could potentially be used for community use out of hours.

3.1.4 Promoting independent living while supporting adults and children when needed

3.1.4.1. The Programme Support function supports the BSF Programme in ensuring the Construction Partners implement, wherever possible, the Council's policies on local labour employment, and creating apprenticeships for local people.

3.1.5 Delivering Excellent, Customer Focussed, Cost Effective Services

3.1.5.1. Key to the success of the BSF programme is high quality finished school spaces to improve standards within schools. The Programme Support function play a role in supporting the work of the construction team to ensure that work delivered is consistent with the standards expected by the Council.

3.2 Council Strategies

3.2.1 Safer for All

3.2.1.1. In all our work we will pay particular attention to:

- Young people and crime
- Mental health issues
- Support for victims and witnesses of crime
- Working with and through communities (Community Engagement) Resources

3.2.2 Value for Money

3.2.2.1. Discussions have been carried out and agreement reached within the terms and cost rates of the original OGC Catalist framework contract with Qedis which provides ongoing value for money to the Council, at 2006/7 rates.

3.2.3 Engagement of the Community

3.2.3.1. The designs of the projects have been made available prior to the construction stage. These initiatives will continue through the construction period.

3.2.4 Risk Management

3.2.4.1. Risks are managed within the governance of the BSF programme. This includes Stream Lead meetings and reporting to the Programme Board. The projects are managed within Prince 2 methodology and Managing Successful Programmes. Procurements are managed to European Legislation and advice is taken from legal advisers to ensure compliance. BSF Project Management Assurance Audits (undertaken by Deloitte & Touche Public Sector Internal Audit Limited) completed in January and October 2009 and gave an overall programme rating of 'Substantial Assurance'.

4. Recommendations

4.1 It is recommended that the Procurement Committee approve:

- The contract extension and the additional expenditure for the BSF Programme Support provider to the extent as detailed in Appendix 1, paragraph 16 for the first six months of the remaining phase of the BSF programme.
- Exploring during the first three months of the extension (with a view to confirming the full twelve months extension at the end of that three month period) the possibility of securing the transfer of knowledge and the expansion of in house capacity by the appointment of two graduate trainees. In the event that it is possible for the Council to fund and appoint the graduates, the Qedis resource will assume responsibility for the training of and knowledge transfer to the Council Officers.

5. Reason for recommendation(s)

5.1 The BSF programme includes circa £214m of investment across 12 projects covering 16 secondary and special schools. The programme is a non LEP (Local Educational Partnership), meaning that the delivery of the programme is managed in house. This results in Haringey Council being required to manage the programme delivery and the complex interfaces across ICT, construction contractors and facilities management for the life of the BSF programme.

5.2 The performance of the programme to date has been very good, with some particular highlights outlined below:

- The initial two projects at Highgate Wood and John Loughborough Schools have reached practical completion on or within budget and the programme overall is projecting to finish on time and on budget.
- The ICT provider (RM) has been delivering Interim Service since September 2008 and preparatory work to switch to Full Service over the summer 2010 is

progressing well.

- The integration of ICT, FF&E and building works has significantly improved with appropriate governance and resourcing in place to keep focused in this area.
- There has been significant progress towards the transition of functions away from consultant and contractor staff towards permanent members of staff. The Programme Director role is now fulfilled by a permanent member of staff and a transition plan for ongoing handover is in place.
- The transfer of capabilities and practices for managing the Primary and Pre-School programme based on those built up for managing the BSF programme has been completed.
- Additionally, the Council is increasingly looking to use the capabilities built up within the team to help deliver other capital projects including Hornsey Town Hall and the Ice Rink at Alexandra Palace (although delivery of these activities do not form part of this proposal).

5.3 In April 2009, Cabinet Procurement Committee approved the procurement of the existing BSF Programme Support provider for programme management and programme office support services to the BSF programme. The main reasons for the change in the project increase to the April 2009 profile are:

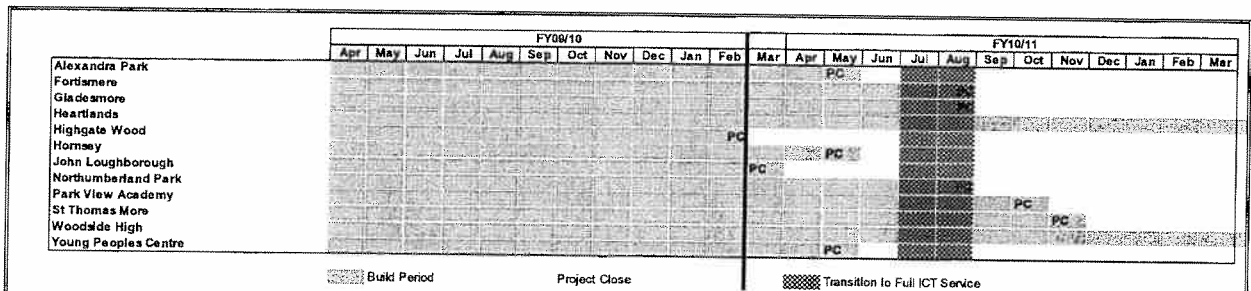
- Increased focus on the Summer 2010 period of works, in particular now that the move to ICT Full Service is planned to happen at all schools during the Summer holiday period rather than at Practical Completion. This increases the programme resourcing required through to September.
- Increased requirement for resource to focus on minimising the ability for building contractors to table claims against the Council and thus cost overrun.
- Increased pressure on Council revenue budgets resulting in less ongoing permanent posts once BSF is completed than originally anticipated, and the need to retain contractors and consultant staff through the delivery of the major BSF tranche of work.

5.4 How the Proposal Mitigates Risk

5.4.1 Efforts to replace consultancy based Programme Support staff with directly employed staff has been successful to some degree, but two factors have restricted a full transfer of the function:

- Continuity of service plays a key part in ensuring that the long-term BSF Programme can continue to be managed and developed effectively to ensure it can meet its core objectives.
- Securing the appropriate expertise to lead the BSF Programme Support function has proven problematic.

5.4.2 Continuity of the existing BSF Programme Support provider mitigates risk by ensuring that key challenges are managed on a consistent basis through to March 2011 when 10 projects will be fully closed and the remaining two in their final phases. This is detailed in the table below:



5.4.3 In response to the Chief Financial Officer's comment 8.2, although the project build work finishes on many projects in early September, there is still an average of 3 months of project closure activities that take place after that point, which drive programme management and PSO resource requirements as reporting, issue resolution and governance is still needed during those final few months. Additionally, significant activity will be required to secure effective closure of the BSF Programme. For these reasons, it is expected that the resource profile will need to remain stable until the end of 2010.

5.4.4 Extension of the existing BSF Programme support enables a managed transition of residual BSF activities back into CYPS, minimising the potential for issues that may arise when the Council is unprepared to reabsorb such activities

5.5 The Outcome

5.5.1 This proposal delivers solutions which meet the agreed objectives by extending the involvement of key resources for a more extended time than originally envisaged, representing a 32% increase on the currently approved contract value. Section 16.1 of this report sets out the detailed cost build up associated with the proposed extension of time.

5.5.2 Financial provision for this proposal is available through the allocation of BSF Programme Contingency agreed by the BSF Board and reuse of existing agreed budgets.

6. Other options considered

6.1 Not Applicable

7. Summary

7.1 The BSF programme will benefit from the proposed contract extension by:

- Ensuring sufficient resources are available to manage the ongoing risks associated with managing the BSF Programme through the delivery and project closure phases.
- Enable planning for the transition of residual BSF Programme functions back into CYPS in a controlled manner

8. Chief Financial Officer Comments

8.1 This report requests an extension to the BSF Programme Support contract with QEDIS resulting in a cost increase of 32%. QEDIS were appointed to this role around a year ago and the rationale for now extending the contract further are set out substantially in paragraph 5.3. The rates implicit in this extension flow from the agreed schedule of rates in the original contract with QEDIS and it is in this way that value for money has been tested.

8.2 Given the stage that the project has reached and the inherent risks with changing project support at this stage no other options have been considered. However, it would appear that after August 2010 the number of construction projects falls from Seven to Four and that the transition to full ICT services is also complete. Given this the maintenance of the full project support function at a monthly cost of £51,800 for Four members of staff seems high. This support is maintained for Seven months until February and only at that time do resources decrease. (A response to this query regarding the continued level of use of consultants post August 2010 can be found in sections 4.1 and 5.3).

9. Head of Legal Services Comments

9.1 The Procurement Committee has power under CSO 13.02 to approve the recommendation, provided that to do so is consistent with the provisions of the Council's Financial Regulations and the Public Contract Regulations 2006.

9.2 The existing contract to which this variation relates was procured off a framework established under the Public Contract Regulations 2006 and in compliance with the Councils Contracts Standing Orders, approved by the members on 28 April 2009. As such the variation of the contract would only be permissible by use of the negotiated procedure without prior publication of a contract notice to other parties under Public Contract Regulations 2006 regulation 14(d)(i).

9.3 Under the Public Contract Regulations 2006, this may be done where the additional services have become necessary and cannot for technical or economic reasons be

provided separately from those under the original contract or are strictly necessary to the later stages of the performance of that contract, as highlighted in paragraph 5.4 above, and the value of the additional works do not exceed 50% of the original contract value.

9.4 The Head of Legal Services confirms there are no legal reasons preventing the recommendations contained in this report being accepted.

10. Head of Procurement Comments

10.1 The Head of Procurement reviews the performance of Qedis on a 6 weekly basis, receiving client comments as part of this process. Satisfaction levels with Qedis have remained consistently very high throughout the BSF programme.

10.2 Qedis daily charge rates were established at the start of the BSF programme and have been effectively pegged at 2006/7 rates - which also applies to the recommended extension period

10.3 It would therefore be in the Council's overall best interests to extend the current contract with Qedis to ensure continuity of high quality services and avoid unnecessary risks inherent with any change of service provider.

11. Equalities and Community Cohesion Comments

11.1 Detailed Equalities Impact Assessments (EIAs) have been carried out for each of the BSF projects. Each has been approved by the Director of CYPS prior to Procurement Committee approval of contracts.

12. Consultation

12.1 Internal consultations have been undertaken to ensure that the necessary steps to procure the BSF Programme Support function have been followed.

13. Service Financial Comments

13.1 Appendix 1 presents the costs of extending the BSF Programme Support function contract to enable ongoing support until March 2011, when the BSF Programme will be largely complete. The tables in Appendix 1 confirm the additional costs associated with the proposal.

13.2 Section 16.1.1 confirms that the budget provision available for this cost item is equal to the projected costs, so it is confirmed that budget provision exists for the extension of the BSF Programme Support function set out in this report and detailed in section 16.1.

13.3 DCSF issued a revised promissory letter on Monday 24th November 2008 confirming the BSF programme Final Business Case had successfully been signed off, and the total grant funding payable to the council. As defined in the DCSF Funding Protocol, the date of this promissory letter defines the moment of financial close for

funding purposes. This was confirmed by the discussion and minute of the 21st October 2008 BSF Programme Board.

14. Use of appendices /Tables and photographs

14.1 Budget Profile (16.1)

14.2 Summary of Additional Costs (16.2)

15. Local Government (Access to Information) Act 1985

15.1 The following documents were used in the compilation of this report:

- The Council's Standing Orders
- Appendix 1 of this report contains exempt information and is **not for publication**. The exempt information is under the following category (identified in the amended Schedule 12A of the Local Government Act 1972):

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