

Agenda item:

[No.]

Procurement Committee Meeting

On 21st October 2010

Report Title. Proposed procurement process for the framework agreement(s) for the provision of construction related consultancy services.	
Report of Niall Bolger, Director of Urban Environment Signed :	
Contact Officer : Peter Maddison Telephone : 020 8489 1269 email: Peter.maddison@homesforharingey.org	
Wards(s) affected: All	Report for: Key
<p>1 Purpose of the report.</p> <p>1.1 The purpose of this report is to seek Members' approval to procure specialist surveying services via a direct call off or mini competition within the City West Housing Trust Limited framework agreement.</p> <p>1.2 These services will provide data that will inform the investment decisions for Year 4 and 5 of the Decent Homes programme. It will also provide key data to construct an updated 30 year investment plan. The estimated cost of this work is £450,000, which is provided for within the existing Decent Homes funding.</p>	
<p>2. Introduction by Cabinet Member.</p> <p>2.1 I support this proposal - even more so as it will give us information that will finally give a complete picture as to the condition of the entire HfH estate.</p> <p>2.2 This will enable planning for required works well in excess of the decent homes time span.</p>	

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

- 3.1 Homes for Haringey supports the Council's Housing Strategy and is committed to providing an excellent housing service while effectively delivering the Decent Homes programme for the residents of Haringey. As its strategic delivery partner, Homes for Haringey is committed to ensuring that the Decent Homes programme meets the aspirations of residents and Members.
- 3.2 Homes for Haringey have in place an Asset Management Strategy and Environmental Sustainability Strategy which provide a strategic framework for delivery of the Decent Homes and associated Environmental Improvements programme. The objectives of these strategies are closely linked to the Council's Greenest Borough Strategy, the Sustainable Procurement Strategy, Regeneration Strategy and Asset Management Plan.
- 3.3 The Decent Homes and Environmental programmes will contribute to the achievement of Council Priorities 1,2,3, and 5 by:
- Improving the environmental performance of Council Housing stock
 - Providing a cleaner and greener environment for residents
 - Providing decent homes and improving well-being
 - Delivering cost effective services through partnering

4. Recommendations

- 4.1 It is recommended that Members agree to procure professional surveying services for Years 4 and 5 of the Decent Homes Programme via a direct call off or mini competition within the City West Housing Trust Limited framework arrangement. The estimated cost of these services is £450,000.
- 4.2 That authority to award the subsequent contract be delegated to the Director of Urban Environment

5. Reason for recommendation(s)

- 5.1 The requirement for all local authority homes to meet the Decent Homes Standard was set out by The Office of the Deputy Prime Minister (ODPM) now known as Department for Communities and Local Government (DCLG) in February 2003.
- 5.2 The Decent Homes programme is a long term programme of major investment to bring all tenanted homes up to a decent standard.
- 5.3 The City West Housing Trust Framework represents improved value for money over the existing procurement arrangements and will assist in bringing all Council homes in Haringey up to the Decent Homes Standard
- 5.4 The surveying function currently rests with the constructor partners in the Decent Homes Framework Agreement. The services to be procured through the City West Housing Trust Framework are wider in range and require specialist surveying skills

and knowledge of the Codeman Asset Management database system. There is no binding agreement to award these services to partners on the existing Decent Homes Framework.

6. Background

- 6.1 2010/11 is the third year of the six year Haringey Decent Homes programme. The programme to date has successfully achieved key project milestones with high levels of resident satisfaction.
- 6.2 The Decent Homes programme is currently delivered through framework agreements with four Constructor Partners and three consultant Compliance Teams. Survey work to establish the detailed scope of work to be included in the Agreed Maximum Prices (AMPs) for the Decent Homes works to date has been procured through these frameworks.
- 6.3 Homes for Haringey has reviewed the surveying and pre-works planning stage of the Decent Homes operation and has concluded that procuring this work through a single consultant will achieve a more consistent and standardised approach to the assessment of investment needs of individual homes, blocks and estates and across all four areas of the Decent Homes programme. It will also give an improved strategic view of the investment needed across the stock.
- 6.4 The survey services to be procured through the City West Housing Trust framework will ensure that Homes for Haringey have comprehensive and detailed stock condition information which will inform the investment requirements of stock included in Years 4 & 5 of the Decent Homes programme and will also provide key information that will inform future asset management strategies, including a 30 year stock investment plan. This information is key to planning current and future stock investment programmes – this is particularly important in the context of planning for potential future changes in funding regimes, including the reform of the HRA .
- 6.5 The Year 4 Decent Homes construction work identified through these surveys will be delivered through the existing Decent Homes framework partners and will start on site in Spring 2011. Procurement arrangements for Year 5 and 6 of the Decent Homes Programme are currently under review and a procurement strategy will be developed early in 2011.

7. Scope of the Survey

- 7.1 The requirements of the survey is to carry out full Stock Condition surveys and Decent Homes surveys to internal, external, and communal areas which includes Energy Performance Certificates (EPCs) and Housing Health & Safety Rating (HHSRS) surveys for all properties which make up Year 4 and 5 of the Decent Homes programme. This represents approximately 40% of Haringey Council's housing stock.
- 7.2 This data will be provided to Homes for Haringey in a format that will enable integration with Homes for Haringey stock condition database (Codeman 4).
- 7.3 The surveying function currently rests with the constructor partners in the Decent

Homes Framework Agreement. The scope of survey works that is now proposed will enhance the quality of the pre-works surveys and will give a greater strategic overview of future stock investment requirements by looking at long term investment needs in addition to current investment requirements. It is considered that a specialist surveying company is required for this work and none of the Decent Homes contractors have the requisite skills to undertake the specialist work we require here, for example:

- We require a mix of Decent Homes Surveying and Stock Condition Surveying
- The consultant will be required to advise on strategic investment options
- The consultant to be familiar with our asset Management database (Codeman) and will ensure that the data is collected in an appropriate format and imported into Codeman.

7.4 Detail of work carried out as part of the Decent Homes programme to date is currently being imported into the Codeman database. The data collected through the proposed further survey work will give a detailed view of the future investment needs of 40% of the stock not yet covered by the Decent Homes programme. This data will be analysed in conjunction with the detail of works completed to date to produce an updated 30 year investment projection for the whole of the stock and will enable strategic planning of future investment.

7.5 The survey will include a 100% survey of the external and common parts of blocks in years 4&5 of the Decent Homes Programme and will inform the works that will be carried out to these areas. Where there are leasehold dwellings in these blocks, a formal consultation with leaseholders will be undertaken before the works commence.

8. Procurement Options

8.1 An option appraisal for the procurement of the surveying services has been carried out to establish which option would provide value for money and fulfil the requirements of Homes for Haringey. Options considered included:

8.1.1 Tendering through an OJEU compliant process: The timescales for OJEU tender would result in a significant delay in the delivery of the current Decent Homes programme and was not considered a viable option

8.1.2 The existing Decent Homes Framework: The estimated cost of this would be £935k and there have been some inconsistencies between the surveys produced to date by the four constructor partners on the framework. The estimate of £935k has been calculated using the lowest price for each element of the survey work from the contractors on the Decent Homes framework - this sum equates to £109 per survey across the total of 8,600 homes and a summary of this cost is included in Appendix 1 of this report.

8.1.3 Existing Frameworks used by Haringey Council: options to use frameworks currently used by Haringey (including the Council's own framework and the Buying Solutions Framework have been explored. However, the scope of services offered by these frameworks do not cover the specialist nature of the work required for this commission (e.g. specific stock condition survey surveying and strategic investment planning, including detailed knowledge of the Codeman Asset Management database system).

- 8.1.3 **Existing Frameworks that have been procured through OJEU:** The City West Housing Trust Limited framework is compliant with OJEU procurement regulations and provides services that specifically meet the requirements of this project. The estimated cost of these services is in the region of £450,000, which represents a saving of £485k on the cost that would be incurred through the existing Decent Homes framework.
- 8.2 Procurement of the full scope of surveying services via the City West Housing Trust framework will achieve a significant financial saving and will deliver improved consistency and quality of survey.
- 8.3 The consultancy framework contract provides consultancy services tailored to meet specific and specialist surveys of the type that Homes for Haringey require and their costs are based on an all inclusive rate for the full scope of surveys per property.

9. Summary

- 9.1 The current Decent Homes surveying service has been reviewed and it has been identified that improved consistency, quality and value for money can be achieved through an alternative procurement route.
- 9.2 The City West Housing Trust framework agreement complies with OJEU procurement requirements and can deliver the specialist services required and will deliver improved value for money. It is therefore proposed to procure these services through this framework.

10. Chief Financial Officer Comments.

- 10.1 The cost of these surveys can be funded from the 2010-11 Decent Homes budget and represent the most efficient way of procuring the required works.
- 10.2 However, the future funding of the Decent Homes programme is facing some uncertainty and thus the spend should only be incurred once funding is confirmed. The position is expected to be clarified by the Comprehensive Spending Review in October 2010."

11. Head of Legal Services Comments

- 11.1 The framework which this report relates to has been procured by following an OJEU tendering process under the Public Contract Regulations 2006.
- 11.2 Under this framework contracts can be awarded either by a direct call-off or by undertaking a mini-competition.
- 11.3 Under CSO 11.03 as the value of the contract which this report relates to will exceed £250,000 it may only be awarded by Members.

11.4 Members have the power to delegate authority to award the subsequent contract as recommended in paragraph 4.2

11.5 Please see additional legal comments in **Appendix A**, hereunto.

12. Head of Procurement Comments.

12.1 Homes for Haringey have assessed the City West Housing Trust framework as being suitable for the Decent Homes surveying and stock condition surveys of the remaining properties to the Decent Homes programme by a single surveying provider. This will provide a consistent and standardised approach to the surveys which will inform the future investment programme.

12.2 By using the City West Housing Trust framework it is anticipated by Homes for Haringey that a saving can be made over the cost within the contractors Decent Homes Framework.

12.3 The Head of Procurement supports the exploration of this framework due to the anticipated savings.

13. Equalities &Community Cohesion Comments

13.1 Homes for Haringey's Asset Management Strategy, 2010/2017, covers all investment in the Councils housing stock, including decent homes. In drawing up the Strategy, an Equalities Impact Assessment was undertaken. The findings have been incorporated into Homes for Haringey's planning processes for delivering decent homes. This includes ensuring that all residents receive the same standard of work, and consideration of specific language and other needs are identified and addressed when drawing up programmes of work.

14. Consultation

14.1 Homes for Haringey have consulted council officers in the preparation of the proposed year 2-5 programme, which was approved by the Board in July 2008. The Leader of the Council and the Cabinet Member for Housing have been consulted in the formulation of the proposed programme. Ward member comments have also been considered.

14.2 Residents have been consulted through the Homes for Haringey Asset Management Panel and Leasehold Panel.

14.3 Homes for Haringey have a dedicated team in place to manage resident consultation and involvement throughout programme delivery. They work closely with the constructor partners' Resident Liaison Officers.

15. Service Financial Comments

- 15.1 The total estimated cost of survey work to be procured through the City West Housing Trust Framework is £450k. This works will be funded from the decent homes budget allocation of £33.5m for 2010/11.
- 15.2 We are awaiting details of future government financial support for the Decent Homes programme from 2011/12 onwards. However, government have stated that they wish to continue funding the programme albeit that it will be considered as part of the Comprehensive Review. Government has also proposed that Housing subsidy arrangements will continue in 2011/12 which will include at least £12 million in capital resources. After 2012/13 the expectation is that the Housing Revenue Account will move to a self financing position achieved by Government repaying a substantial part of the existing Housing Revenue Account outstanding debt. This would enable the future borrowing to be financed from the Housing Revenue Account.

16. Local Government (Access to Information) Act 1985

- 16.1 The background papers relating to this project are:
- 'The Award of Framework Agreements to four Decent Homes Constructors Partners'.
 - Pre Qualification Questionnaires (PQQ) Responses from Constructors dated September 2006.
 - Short List Report dated October 2006
 - Invitation to Tender Document dated October 2006
 - Tender Reports dated February 2007

These can be obtained from Pauline Hinds or Larry Ainsworth – Strategic Client Representatives on 020 8489 1151 or 020 8489 1134.

- 16.2 This report contains exempt and non exempt information.
Exempt information is contained in Appendix A of this report and is **NOT FOR PUBLICATION**. The exempt information is under the following category (identified in the amended Schedule 12A of the Local Government Act 1972):
Information relating to the financial or business affairs of any particular person (including the authority holding that information).