



PROCUREMENT COMMITTEE



Agenda item **[No.]**

Procurement Committee

On 13/02/2007

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

Forward Plan reference number (if applicable):

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

Ward(s) affected: **All**

Report for: **Decision**

1.0 Purpose

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

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

2.0 Introduction by Executive Member

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

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

3.0 Recommendations

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

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

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

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

- 4.1 Not applicable

5.0 Local Government (Access to Information) Act 1985

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

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

6.0 Background

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

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

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

7.0 Budget

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

8.0 Description of Procurement Process

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

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

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

9.0 Consultation

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

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

10.0 Key Benefits and Risks

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

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

10.2 The risks to the framework appointments are as follow:

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

11.0 Contract and Performance Management

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

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

12.0 Summary and Conclusions

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

13.0 Recommendations

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

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

14.0 Equalities Implications

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

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

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

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

15.0 Health and Safety Implications

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

16.0 Sustainability Implications

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

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

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

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

18.0 Comments of the Council's Acting Director of Finance

18.1 As stated in section 7 of this report the costs for this element of the Decent Homes Programme fall within the overall estimated costs (see part B for full details). However the approval of this budget is subject to borrowing approvals being awarded to Haringey by Central Government, which is reliant on the achieving of a 2 star status in the forthcoming inspection of Homes for Haringey.

18.2 Should the award of borrowing approvals not be granted then these contracts will not go ahead as the funding will not be available.

18.3 The Council's Finance Department has been an integral part of the project team for this project and all of the short-listed companies were financially evaluated and found to be sound in relation to the size of contract being awarded.

19.0 Comments of the Head of Legal Services

Contract Procurement

19.1 The EU Directive on public procurement (the Consolidated Directive), as implemented in the UK by the Public Contracts Regulations 2006, allows local authorities to conclude framework agreements with contractors/ consultants and to select contractors for specific projects from the contractors with which they have concluded framework agreements.

19.2 Legal advice on the procurement of the framework agreement has been provided by external legal advisers (Trowers & Hamblins),

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

Leaseholder Consultation

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

20.0 Comments of the Head of Procurement

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

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

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

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