

**Report for:** 13 February 2018 Cabinet

**Title:** Award of Contract for Multi-Disciplinary Professional Services under Contract Standing Order CSO 9.07.1(d), External and common parts estate based works.

**Report authorised by :** Helen Fisher, Interim Strategic Director of Regeneration, Planning and Development

**Lead Officer:** David Sherrington, Interim Executive Director of Property Services, Homes for Haringey. 0208 489 1044, [david.sherrington@homesforharingey.org](mailto:david.sherrington@homesforharingey.org).

**Ward(s) affected:** All

**Report for Key/  
Non Key Decision:** Key Decision

## **1. Describe the issue under consideration**

- 1.1 Homes for Haringey deliver the Housing Capital programme on behalf of Haringey Council. The programme is delivered in line with priorities agreed by Cabinet in October 2016.
- 1.2 In order to deliver the programme, Homes for Haringey require a number of specialist construction related services. This report sets out a recommendation to appoint a long term delivery partner to provide these services and work with Homes for Haringey to deliver the capital programme.

## **2. Cabinet Member Introduction**

- 2.1 Haringey Council has a corporate priority to to create homes and communities where people choose to live and are able to thrive. The winning bidder will support the delivery of essential investment and upgrades to the housing portfolio in line with priorities agreed by Cabinet in October 2016.

## **3. Recommendations**

- 3.1 For Cabinet pursuant to Contract Standing Order 9.07.1(d) to approve the appointment of Ridge and Partners LLP for Multi-Disciplinary Professional Services to Homes for Haringey for a period of up to 5 years, with the option to extend, subject to satisfactory performance, for a further five years.

## **4. Reasons for decision**

- 4.1 Homes for Haringey require specialist services to deliver capital works programmes. The existing consultancy arrangements for housing capital works finishes at the end of March 2018 and therefore a new arrangement is required.
- 4.2 The award is based on the Most Economically Advantageous Tender (MEAT) ie mixture of price and quality and that the bidder scored the highest points.

## **5. Alternative options considered**

- 5.1 An alternative option would be for Homes for Haringey (HfH) to use various industry frameworks to deliver the capital programme. This option was discounted as Homes for Haringey require support to deliver external works. These contracts often extend over one year which means the contract is classed as a long term qualifying agreement. To be compliant with Section 20 legislation, long term qualifying agreements must be consulted with leaseholders before they are established. As external frameworks are already established, it is impossible to consult leaseholders in a manner which complies with Section 20 legislation and a lack of compliance with this legislation could lead to a failure to recover costs from leaseholders.
- 5.2 A do nothing option would mean the service is not able to deliver capital works to the housing stock and the condition of the stock would deteriorate significantly.

## **6. Background information**

- 6.1 Through Homes for Haringey, Haringey Council manages 20,387 homes, 14,240 of which are tenanted general needs, 909 supported housing, 419 Community Good Neighbour and 4,819 leasehold homes. As the freeholder, the Council has a statutory and legislative duty to maintain the housing stock in a good state of repair. The standard at which the council maintains its portfolio is enhanced by the council's own investment standard, which was agreed in October 2016.
- 6.2 Following a strategic review of stock condition, Homes for Haringey have developed a 30 year cost plan which sets out the investment need across the portfolio for this period. Within this, HfH have developed a five-year investment programme which sets out more precisely the sequence in which investment will be delivered across the portfolio.
- 6.3 Since 2008 Homes for Haringey has delivered a Decent Homes programme on behalf of Haringey Council. The Decent Homes programme is narrow in scope and does not incorporate the full range of assets we are responsible for maintaining, and as noted previously, in October 2016 the Council approved a broader investment standard, incorporating elements not previously included within the Decent Homes programme.
- 6.4 In order to deliver this broader scope of improvements, Homes for Haringey anticipate they will require the following services:

- Project Management;
- Architecture;
- Building Surveying (including Contract Administration);
- Cost Consultancy (including Mechanical and Electrical QS);
- Mechanical, Electrical and Lift Engineering Design and Specification Writing;
- CDM 2015 (advisory and Principal Designer);
- Civil and Structural Engineering;
- Party Wall Surveying
- Clerk of Works
- Fire Risk Assessor

6.5 These services will be overseen by an internal client team within Homes for Haringey. The progress of the programme will be reported to the Council at regular intervals.

### *Procurement*

6.6 The strategic procurement advice and technical services for this project were provided by London Borough of Waltham Forest. London Borough of Waltham forest confirm that the contract has been procured with due regard to Haringey standing Orders.

6.7 An open procedure was used to source a provider to deliver the new professional service provider. An analysis undertaken by LBWF noted that there were numerous providers in the marketplace who could deliver the scope of services and this procedure would allow for the shortlisting of providers down to five (5) from Selection Questionnaire Stage (SQ) to Invitation to Tender Stage (ITT)

### *Selection Questionnaire Stage*

6.8 Based on the value of the procurement, this contract was advertised on the Official Journal of European Union (OJEU) giving an opportunity not only to providers in the United Kingdom but also those providers who are established within the European Union Region to express their interest and tender for the contract.

6.9 An electronic tendering portal (Pro Contract) was used to advertise the opportunity on 19th June 2017. Interested providers completed a Selection Questionnaire containing information about their economic and financial standing, technical capability and other general information. Their information was assessed to establish whether the organisation was financially viable and technically capable of undertaking a contract of this nature.

6.10 An evaluation team made up of five (5) panel members and two (2) observers were set up to conduct the assessment. A moderation meeting chaired by the procurement manager was carried out after individual assessment (evaluation) which helped with finalising the scores (consensus scoring) amongst the panel members. Fifteen (15) providers expressed their interest and five (5) providers were shortlisted to the ITT stage. Successful and unsuccessful providers were

served with letters on 24th August 2017 stating the outcome of their expression of interest.

### *Bidders Meeting*

- 6.11 After shortlisting the five (5) providers to the ITT stage, bidders' meeting was organised on 3rd October 2017 that served as a platform for Homes for Haringey to meet the representatives from each company, interact, provide information on their requirement as well as information on the tendering process. The bidders also used this opportunity to ask clarification questions relating to aspects of the specification of the contract and were clarified accordingly.

### *ITT Stage*

- 6.12 Following the bidders meeting, the selected providers were invited to tender for the contract on 4th October 2017 via the electronic tendering portal (Pro Contract).

The contract was based on Price (30%) and Quality (70%) submission.

Two aspect of pricing were requested;

Fixed Fee (23%) and  
Time Charges (7%)

- 6.13 As part of the quality submission there were two interview sessions held on Friday 24th November and 27th November 2017 that required providers to complete a scenario based question and present to the evaluation panel.

### *Resident Involvement*

- 6.14 A tenant representative, leaseholder representative and Broadwater Farm resident were invited to join the interview panel. The resident from Broadwater Farm was tasked with evaluating the tenant and leaseholder question that formed part of the interview questions. This part was 5% of the quality scoring.

### *Evaluation*

- 6.14 Tender submission was due at **12pm on Monday 6<sup>th</sup> November 2017** and could only be submitted via the electronic tendering portal (Pro Contract). All five bids were received on time.

- 6.15 Evaluation of tender documents commenced on **7<sup>th</sup> November to 24<sup>th</sup> November 2017**. The team consisted of 5 panel members. Each individual team member evaluated and awarded scores on the quality submission of all 5 bidders before the moderation meeting that was chaired by the Procurement Manager.

- 6.16 The moderation meeting was held on **30<sup>th</sup> November 2017**. At this session, the panel members deliberated on individual scores and ensured that scores

awarded were based on consensus from the majority panel members. The award of this contract is based on the most advantageous tender.

### *Leasehold Implications*

- 6.17 As a result of applications made under the Right to Buy legislation, there are 4963 leaseholders living in the properties affected by the works described in this report.
- 6.18 Under the terms of their lease the lessee is required to make a contribution towards the cost of maintaining in good condition the main structure, the common parts and common services of the building. Such contributions are recovered by the freeholder through the lessees' service charge account.
- 6.19 In accordance with The Service Charges (Consultation Requirements) (England) Regulations 2003, the Notice of Intention was served on 12 May 2017 expiring on 15 June 2017
- 6.20 Notice of Proposal in accordance with the Regulations (incorporating a statement of the observations received and the Council's responses) was then served on 15 December 2017 expiring on 17 January 2018.
- 6.21 Eleven observations were received throughout the statutory consultation period. Officers responded to these observations within the 21 day statutory period. The observations received at each stages, and the Council's responses to them, are summarised in Appendix A.

### *Sustainability*

- 6.22 The contract includes specific provisions for sustainable use of materials and practices. The winning bidder's sustainability policy has been reviewed as part of the quality aspect of the evaluation process.

### *Budget*

- 6.23 This project will be funded from the 2018 to 2024 Capital Programme for major Works within the Housing Capital Programme.

### *Health and Safety*

- 6.24 The contract allows for HfH to instruct the winning bidder to provide services under the Construction (Design and Management) Regulations 2015.
- 6.25 The winning bidder's health and safety policy has been reviewed as part of the quality aspect of the evaluation process.

## **7. Contribution to strategic outcomes**

- 7.1 The outcomes of this procurement relate principally to the Corporate Plan Priority 5, to create homes and communities where people choose to live and are able to thrive.

## **8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)**

### **Finance**

- 8.1 The contractor was chosen based on the most economically advantageous Tender and the fee is calculated based on a percentage fee of the value of construction works undertaken in any year.
- 8.2 The annual value of the contract is dependent on the size of the annual programme of works. It is estimated that for a 5-year programme of works of £192m will generate a maximum of £11m professional services contract cost.
- 8.3 The contractor's Fee is an inclusive payment for the services and all other matters relating to the project. Additional fee due to material changes in nature and scope of the Project will be negotiated; and it is subject to the approval process.
- 8.4 The cost of executing each element of the Project will not exceed the respective financial limit stated in the Cost Plan.
- 8.5 The money to fund the Multi-Disciplinary professional services contract is included within the 5-year capital programme budget. The commitment to spend will be subject to cabinet approval of the capital programme.

### **Procurement**

- 8.7 Whilst the LBH Strategic Procurement team (SP) had no direct involvement in this process, it notes that the procurement advice and technical services for this project were provided by London Borough of Waltham Forest (LBWF).
- 8.8 SP acknowledges that the LBWF adopted an open, OJEU tender procedure.
- 8.9 SP acknowledges that the award to Ridge is based on the Most Economically Advantageous Tender
- 8.10 SP notes that this project will be funded from the 2018 to 2024 Capital Programme for Major Works within the Housing Capital Programme.
- 8.11 SP recognises there is limited capacity for these services within the current portfolio of frameworks readily available in the market. Therefore, SP understands and supports the rationale adopted by HfH to establish an alternate contractual arrangement. Adopting a single supplier approach has benefits as well as risks. The primary benefits revolve around potentially better value for money due to the provider having more certainty around commitment and demand, as well as developing a closer partnership type relationship. The main potential risk relates to the contractor having sufficient capacity and availability to meet the demand throughout the term of the contract.

8.12 SP is aware the LCP is currently working on a DPS solution for a suite of professional services; however this will not be available until later in 2018. Once the LCP DPS is established, this will provide further resilience and potentially avoid the need to re-procure a similar contract in the future.

## **Legal**

8.13 The Assistant Director Corporate Governance has been consulted in the preparation of this report and makes the following comments.

### Leaseholder consultation

8.14 The terms of the Council's standard right to buy lease permit recovery of a proportion of the cost of these works from leaseholders, subject to compliance with the consultation requirements set out in the Landlord and Tenant Act 1985 and the Service Charges (Consultation Requirements) (England) Regulations 2003 ("the provisions").

8.15 The contract entry into which is to be authorised by this report is a qualifying long term agreement (QLTA). As stated above, Public Notice is required as a stage in procurement. The provisions (in Schedule 2 of the Regulations) set out a two-stage process for consultation with leaseholders.

### Stage 1 – pre-tender

8.16 The Council is first required to serve a notice upon leaseholders setting out:

- (in general terms) the works or services to be provided under the QLTA
- why the Council considers it necessary to enter into the QLTA
- state that the Council is not inviting the nomination of alternative contractors because Public Notice is to be given
- inviting observations on the works or services to be provided under the QLTA

8.17 The leaseholders must be given a minimum of 30 days to respond, and the Council must have regard (in subsequent stages) to any comments made.

### Stage 2 – after tenders received

8.18 The Council must prepare and serve a written proposal setting out:

- the name and address of every proposed contractor and any connection between the contractor and the Council
- an estimate of either (i) the contribution to be incurred by the leaseholder or if not available (ii) the expenditure by building or if that is not available (iii) the hourly rate payable under the agreement. If none is available the Council must say why and provide an estimated date when it will be available
- the intended duration of the agreement
- a statement of any observations received at the pre-tender stage, with the Council's response



- 8.19 The proposal must be served with a notice inviting observations giving a minimum of 30 days to respond.
- 8.20 The Council must within 21 days respond to any observations received; and, when considering award of the contract, Cabinet must have regard to any observations received.
- 8.21 Details of compliance with these provisions are set out in the body of this report under the heading “Leasehold Implications”. Legal Services were consulted on the notices and proposal served and at Homes for Haringey’s request sought advice from Leading Counsel, who approved each document.
- 8.22 This is key decision and Homes for Haringey have confirmed it is on the Forward Plan.
- 8.23 The London Borough of Waltham Forest (LBWF) provided procurement advice on this procurement, and Devonshires Solicitors provided legal advice. LBWF and Devonshires have confirmed the procurement was conducted in compliance with the Public Contracts Regulations 2015. Therefore the Assistant Director of Corporate Governance sees no legal reasons preventing Cabinet from approving the recommendations in the report.

## **Equality**

- 8.24 The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:
- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act
  - Advance equality of opportunity between people who share those protected characteristics and those people who do not
  - Foster good relations between people who share those characteristics and people who do not.

The three parts of the duty applies to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.

- 8.25 The tendering process requires the contractors to provide their Equality policy as part of their tender return to demonstrate their compliance with the equalities legislation. The services are provided to all Homes for Haringey tenants as part of their contract, in exchange for a service charge included as part of their lease. The protected characteristics of the Equality Act (2010) do not form part of the decision to provide services to each tenant.

This decision should have a positive impact for Homes for Haringey residents.



## **9. Use of Appendices**

9.1 Appendix a – Summary of leaseholder observations

9.2 Appendix b - Tender Evaluation - Exempt report  
Appendix c – Worked fee example - Exempt report

Appendices b and c are NOT FOR PUBLICATION by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

This report is not for publication as it contains information classified as exempt under Schedule 12A of the Local Government Act 1972 in that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information).

## **10. Local Government (Access to Information) Act 1985**

No background Documents are referenced.

## Appendix A – Summary of leaseholder observations

Observation from a leaseholder in the building PARK LANE CLOSE 1-6

Leaseholder asked how tenders are assessed, how decision to use QLTA is cost effective, how QLTA will be supervised, what works are planned under QLTA.

Landlord Response: Outlined how tenders are assessed and how decision to use QLTA was made, confirmed how QLTA will be supervised, advised not known at this stage what works to individual buildings will use QLTA.

Observation from a leaseholder in the building CARLTON LODGE 1-46

Leaseholder asked various questions about the fees quoted in the Notice.

Landlord Response: Answered all questions about what fees relate to.

Observation from a leaseholder in the building HORNSEY LANE GARDENS 10/10A

Leaseholder advised purchasing the freehold, so didn't want to enter into QLTA.

Landlord Response: QLTA proposed between HfH and Ridge, not with LH, advised that if LH buys freehold QLTA don't apply.

Observation from a leaseholder in the building DOWDING HOUSE 1-28

Leaseholder expressed concern that Notice was hard to understand, asked if costs in QLTA will increase from previous contract, queried estimated project spend in appendix.

Landlord Response: Format of Notice set by statute, approved by QC before issue, percentage of some elements in new QLTA decreased, anticipated project costs in line with expectations.

Observation from a leaseholder in the building FISKE COURT 22-39

Leaseholder asked what proposed work is and cost.

Landlord Response: Advised proposed works not yet know, and so costs of consultancy contract not yet known.

Observation from a leaseholder in the building JOHN MASEFIELD HOUSE 1-30

Leaseholder asked why services under QLTA now required, asked if sinking fund will be used against costs.

Landlord Response: Advised that services always required, previously provided by third-parties in past, confirmed sinking fund contributions will be required

Observation from a leaseholder in the building RAMSEY COURT 1-24

Leaseholder asked how many tenders we received, asked what RIBA Stage 1-6 in appendix refers to.

Landlord Response: Advised 5 tenders received, advised RIBA plan of work is the industry standard approach to organising a construction project into stages.

Observation from a leaseholder in the building FORSTER ROAD 21-32

Leaseholder asked what work is proposed under current contract.

Landlord Response: Advised proposed works not yet know, and so costs not yet known.

Observation from a leaseholder in the building ACACIA ROAD 40-56 (EVEN)

Leaseholder advised that summary of observations included with Notice not adequate.

Landlord Reponse: Responded that Notice invited observations on Notice itself, not summary of observations.

Observation from a leaseholder in the building BLAYDON CLOSE 1-42

Leaseholder stated that only wants to pay towards works to their building or estate.

Landlord Response: Confirmed lease only requires them to pay towards building or estate.

Observation from a leaseholder in the building ERMINE ROAD 57-76

Leaseholder stated that only wants to pay towards necessary work.

Landlord Response: Confirmed we will only carry out works that are required.



