

MUNICIPAL YEAR 2014/2015 REPORT NO.

PORTFOLIO DECISION OF:

**Cllr Don McGowan** - Cabinet Member  
for Health and Adult Social Care

**Cllr Ahmet Oyken** – Cabinet Member  
for Housing and Estate Regeneration

**Agenda – Part: 1**

**Item:**

**Subject: HHASC Efficiency Programme –  
authority to proceed - Phase Two**

**Wards: All**

**Cllr Rohini Simbodyal** – Cabinet Member for Culture, Sport, Youth and Public Health

**Ray James** – Director of Health Housing and Adult Social Care

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**1. EXECUTIVE SUMMARY**

- 1.1 Enfield Council has successfully delivered significant savings over recent years. However, continuing financial challenges require an additional £60m worth of savings to be delivered over a three year period. Given the unprecedented scale of this financial challenge, the need for external expertise and capacity was identified to support the delivery of Health, Housing and Adult Social Care's (HHASC) departmental efficiency programme for 2015/16 onwards.
- 1.2 After a competitive tender process, Ernst & Young (EY) were appointed to work alongside the department to develop and deliver the HHASC Efficiency Programme. The identification of efficiency proposals has been focused across the following three priority areas: Care Purchasing, Temporary Accommodation and Public Health. HHASC's programme will also complement work streams within Enfield 2017 ensuring plans do not duplicate wider transformation activities.
- 1.3 The development and delivery of the HHASC Efficiency Programme has been structured across two phases: Phase One (May – July 2014) involving the analysis of existing departmental savings activities, the identification of further opportunities and development of an implementation strategy to be taken forward for detailed design and delivery in Phase Two (July 2014 – March 2015).
- 1.4 Throughout Phase One of the programme EY have worked alongside Council Officers and senior management teams to develop a coherent set of strategic proposals for realising the necessary departmental efficiencies. This strategy, outlined in section 3.7, is supported by detailed analysis undertaken in Phase One and focuses on maintaining the delivery of quality services that also represent value for money. This report seeks authority to proceed with Phase Two of the programme which will involve the shaping of individual proposals, wider consultation where appropriate and subsequent implementation.

**Checklist for report authors:**

1. Is the decision to be taken clear and have all sections of the form been completed?
2. Is the decision key or non-key, delete as appropriate (please see Guidance Note No. 1).
3. Has the form been signed and dated by the Director and the Cabinet Member?

**NOTE: PLEASE ATTACH A COPY OF THE REPORT TO WHICH THE DECISION RELATES**

FOR DST OFFICE USE	Ref. No:	Date of Receipt:
CATEGORY OF DECISION:	ELIGIBLE FOR CALL-IN: <b>YES/NO</b>	DATE TO BE CALLED-IN BY:

## 2. RECOMMENDATIONS

### **Cabinet Members are asked to:**

- i. Note the outcome of Phase One and the proposed strategy for HHASC's Efficiency Programme outlined in section 3.7 of this report and Part 2 Appendix A; and
- ii. Note details of the competitive tender process outlined in Part 2 of this report including the previous operational decision to approve Phase One with EY.
- iii. Agree to proceed with Phase Two of the programme with EY as a delivery partner providing additional capacity and expertise with the design and implementation of proposals.
- iv. Note that EY's involvement during Phase Two and the associated commercial arrangement outlined in Part 2 of this report will be subject to agreement with EY prior to delivery. It is proposed that decisions relating to EY's assistance with Phase Two work be delegated to the Director of Health, Housing and Adult Social Care and Director of Finance, Resources & Customer Services.

## 3. BACKGROUND

- 3.1 Enfield Council has delivered significant savings over recent years, however, the Council continues to face challenging financial savings targets with an additional £60m to be delivered over a three year period. Of the Council's net budget of £225m in 2015-16, a total of £29.6m savings are required. Health, Housing and Adult Social Care's savings target for 2015-16 has not yet been finalised but this is likely to be significant given the overall Council budget gap.
- 3.2 Given the unprecedented scale of the financial challenge for 2015-16 onwards, the need to appoint a partner for the provision of external expertise, capacity and challenge was identified. After a competitive tender process, Ernst & Young were appointed to work alongside the Health, Housing and Adult Social Care department (HHASC) to develop and deliver the department's efficiencies strategy for 2015-16 onwards.
- 3.3 HHASC's Efficiency Programme will complement Enfield's existing corporate transformation programme - Enfield 2017 which focuses on changing the way the Council operates to ensure the continued provision of high quality services to local residents. Ernst & Young have worked with Enfield 2017 throughout Phase One and will continue to do so to avoid any duplication.

The following aspects, which feature within Enfield 2017 are out of scope for the HHASC Programme:

- Alterations/reductions to staffing structures within the scope of Enfield 2017

- High level processes, customer interactions and back office efficiencies forming part of the wider Council transformation work
- Reduction in eligibility criteria.

### 3.4 Programme structure

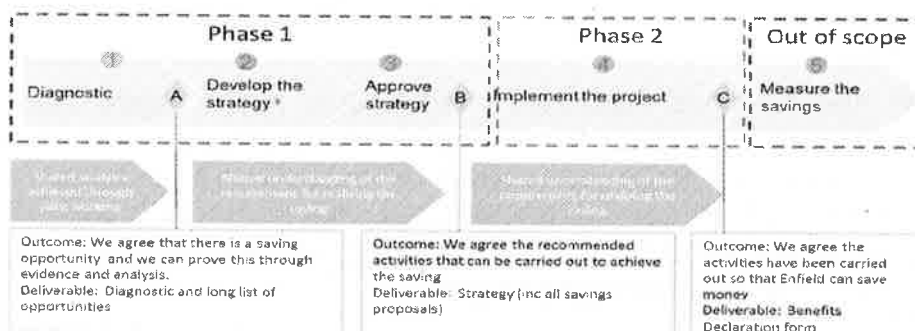
Health, Housing and Adult Social Care's Efficiency Programme has focused on opportunities within the following three priority areas:

- Care Purchasing
- Temporary Accommodation
- Public Health.

Delivery of the programme is structured across two phases:

Phase One involving a detailed departmental diagnostic, the identification of opportunities and development of a coherent plan and proposals to support the realisation of departmental efficiencies.

Phase Two will focus on the detailed design of proposals and implementation of the overarching strategy to take effect full effect by 2017/18.



### 3.5 Phase One Diagnostic

During Phase One, Ernst & Young has worked alongside Council Officers to develop an overarching efficiencies programme underpinned by detailed analysis undertaken during the Phase One diagnostic. This diagnostic focused on assessing the department's current financial position, historic and planned approaches to savings and the exploration of further efficiency proposals to be taken forward for 2015/16. After this diagnostic phase, a 'long list' of options was presented for consideration by departmental management teams.

- 3.6 The merits and restrictions of each proposal were considered by management teams through a short listing process which took into account suitability of each in line with strategic fit, organisational values and political acceptability. The resulting shortlisted proposals have been further developed into a proposed strategy that may be taken forward for further design and implementation in Phase Two.
- 3.7 This proposed strategy, outlined below, represents an evidence based and thematic approach for realising efficiencies across Care Purchasing, Temporary

Accommodation and Public Health in 2014/15 onwards. This strategy proposes the delivery of projects across the following five thematic areas. Underneath each of the strategic areas sits a number of individual proposals outlined further in Part 2 Appendix A.

**Strategic overview of proposed HHASC Efficiency Programme**

Name	Aim
<b>SO1</b> Making decisions around care and health	Drive consistent decision making in both social care and health, around the level of care received and services provided
<b>SO2a</b> Optimising procurement and contract management	Reduce overall costs via short term contract management
<b>SO2b</b> Developing and managing the market	Commission services based on outcomes rather than inputs via long-term contract management
<b>SO3</b> Optimising provided services	Deliver more efficient provided services by exploring a variety of options to deliver these services in the future and maximising the value for money the Council receives
<b>SO4</b> A new strategy for managing TA	Reduce the use of nightly paid accommodation through preventing demand coming into the system and expanding alternative solutions

**4. Phase Two Design and Implementation**

- 4.1 Detailed analysis undertaken during Phase One assessed the potential to deliver efficiencies built up through a combination of cost avoidance and cost reduction approaches. During Phase Two, further planning will be undertaken to support the delivery of proposals. Those proposals that present significant changes to outcomes for residents or shifts in service delivery will be subject to further decision making processes and additional consultation exercises.
- 4.2 Cabinet members are now asked to consider proposals detailed further in Part 2 Appendix A and provide approval to proceed with the detailed planning and, where agreed, implementation of proposals in Phase Two. Details of the commercial arrangement with Ernst & Young based on a payment by results arrangement are contained within Part 2 of this report.

- 4.3 It is also recommended that Cabinet members approve the appointment of Ernst & Young as delivery partners to support the implementation of the proposed strategy across a number of focused areas to be defined by the Director of Health, Housing and Adult Social Care and Director of Finance, Resources and Customer Services prior to commencement of Phase Two.

**5. ALTERNATIVE OPTIONS CONSIDERED**

- 5.1 The department may choose not to proceed with the joint delivery of Phase Two proposals and choose to implement themselves, however, given the unprecedented budget reductions facing the Council and the level of savings delivered to date, this is not considered a viable option.
- 5.2 The Council could appoint an alternative organisation, however, this is not a viable option as a fair and objective tender process was followed and the evaluation has been undertaken in accordance with the criteria issued to potential bidders.
- 5.3 See Part 2 for further detail relating to contractual arrangements.

**6. REASONS FOR RECOMMENDATIONS**

- The Council is facing unprecedented budget reductions with significant pressures on resources. External expertise and capacity to work with the department will therefore maximise the potential of the efficiency requirements being achieved.
- As per terms of their appointment, Ernst & Young have engaged with Enfield 2017 to ensure that proposals complement and do not duplicate wider transformation programmes taking place within the Council.
- Ernst & Young's appointment will provide additional expertise, capacity and the necessary objective challenge. The appointment has been structured on a Payment by Results model to incentivise performance.

**7. COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES AND OTHER DEPARTMENTS**

**7.1 Financial Implications**

- 7.1.1 The award of the contract to partner on the delivery of the HHASC Efficiency Programme was made to Ernst & Young as they achieved the best score in the procurement exercise. Having worked on analysing the current financial position, EY have identified savings opportunities which they are now proposing to take forward in Phase Two of the programme.

**7.2 Legal Implications**

- 7.2.1 The Council has a wide range of Health and Social Care duties, including but not limited to, the Local Authority Social Services Act 1970 in exercising its social services functions, including the exercise of any discretion conferred by any relevant

enactment, to act under the general guidance of the Secretary of State, National Assistance Act 1948 to provide residential accommodation to certain persons and to make arrangements for the welfare of persons to whom the act applies, the Housing Act 1948 to provide temporary accommodation to those who may be homeless, intentionally homeless, eligible for assistance or have a priority need and the Health and Social Care Act 2012 to take steps as it considers appropriate for improving the health of people in its area. Section 1 of the Localism Act 2011 further empowers the Council to do anything that individuals generally may do provided it is not prohibited by legislation and subject to Public Law principles.

- 7.2.2 Any proposed savings will need to be considered further against the specific legislative duties the Council has before a decision to make such savings is made.

### **7.3 Property Implications**

None.

## **8. KEY RISKS**

- **Programme activities will duplicate the wider transformation work of the Enfield 2017 programme.** This has been mitigated by defining three priority areas and aspects out of scope. In addition, the specification identified the requirement for the appointed organisation to work closely with the Leaner team which has taken place throughout Phase One and will continue throughout Phase Two.
- **The required level of savings are not achieved.** This has been mitigated as far as possible by commencing with a robust diagnostic and planning stage and then incentivising the delivery stage via a Payment by Results model.
- **Insufficient resources to support the appointed organisation in Phase One and Phase Two.** Given the unprecedented financial challenges the department will be required to prioritise resources accordingly. Maintaining Ernst & Young as a delivery partner will also provide additional capacity, capability and expertise to support delivery.

## **9. IMPACT ON COUNCIL PRIORITIES**

### **9.1.1 Fairness for All**

- 9.1.1 The appointment of a delivery partner was undertaken via a fair and transparent procurement process to ensure a fair selection. Tender submissions were evaluated against objective criteria and a consistent approach to the evaluation was followed, ensuring a fair chance for all interested organisations.
- 9.1.2 The delivery of efficiencies will ensure that the department is able to respond to budget pressures and continue to deliver services to vulnerable residents across a range of service areas.

**9.2 Growth and Sustainability**

- 9.2.1 The delivery of efficiencies through new and innovative ways where possible, will enable the continued provision of quality services to local residents with a reduction in resources.

**9.3 Strong Communities**

- 9.3.1 The delivery of efficiencies through new and innovative ways where possible, will enable the continued provision of quality services to local residents with a reduction in resources.

**10. EQUALITIES IMPACT IMPLICATIONS**

A detailed Equalities Impact Assessment will be completed for individual proposals put forward for approval in Phase Two and prior to delivery.

**11. PERFORMANCE MANAGEMENT IMPLICATIONS**

There may be performance management implications following the delivery of proposals, however, these will be considered during the detailed design of individual proposals in Phase Two.

**12. HR IMPLICATIONS**

There are not any specific HR implications in relation to the decision to proceed with Phase Two of HHASC's Efficiency Programme. Any HR implications relating to individual proposals will be considered during Phase Two planning.

**13. PUBLIC HEALTH IMPLICATIONS**

There are no Public Health implications in relation to the decision to proceed with Phase Two of HHASC's Efficiency Programme. However, Public Health implications relating to individual proposals within the Efficiency Programme will be explored during Phase Two planning.

**Background Papers**

None.



## MUNICIPAL YEAR 2014/2015

### DELEGATED AUTHORITY

#### DECISION OF:

Director of Health, Housing and  
Adult Social Care, Ray James

#### REPORT OF:

Director of Technical and  
Property Services, Enfield Homes

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Agenda – Part: 1	Item:
<b>Subject:</b> External Enveloping & Communal Upgrade Works, Dodsley Place, N9 0HU	
<b>Wards: Edmonton Green</b>	
<b>Cabinet Member consulted:</b> N/a <b>Key Decision:</b> KD 3907	

### 1 EXECUTIVE SUMMARY

- 1.1 This report seeks approval to accept the recommended tender for carrying out Decent Homes works to the exterior and common parts of Dodsley place. This is a Key Decision of the Council and is on the Key Decision List, reference KD 3907.

### 2 RECOMMENDATIONS

- 2.1 That approval is given to accept the tender from, and award the contract as per the published criteria to Contractor A in the sum of £393,346.10 for the works, as detailed in the Part 2 report.
- 2.2 That it is noted that professional fees for this project will be incurred in the sum of £23,600.77 giving a total project cost of £416,946.87.

### 3 BACKGROUND

- 3.1 This scheme is part of Enfield's Decent Homes Programme, which is a Government initiative to ensure that all social housing meets set standards of decency by 2015.
- 3.2 Enfield Homes has appointed a firm of consultants, to provide surveying and contract administration services in relation to the works from inception to completion.
- 3.3 Dodsley Place was originally included in the Jeremys Green and Rutland Court external envelope repairs and window replacement project which started on site in January 2013 (Key Decision, ref 3500). However, due to internal structural concerns identified by the Council's structural Engineer prior to tendering it was decided to remove Dodsley Place from that project.

The appointed consultant had already prepared tender documentation, and in order to avoid duplication, a waiver was approved extending their remit to include the structural works and procure the Dodsley Place works as a standalone contract.

- 3.4 Dodsley Place consists of 24 maisonettes in two blocks. The works include replacement windows and doors to all properties and communal areas, repairs to roof coverings, asphalt balcony renewal, fabric repairs, an upgraded TV reception system, and environmental improvements.

- 3.5 Tenders were invited from six companies. The Council's Contract Procedure Rules have been complied with in carrying out this tender. Six tenders were returned and assessed by the Council's consultants for analysis and recommendation based on price alone. A detailed analysis of the tenders is contained in the Part Two report.

#### **4 ALTERNATIVE OPTIONS CONSIDERED**

The scheme forms part of the Decent Homes programme, which is a Government initiative to bring all housing up to a decent standard by 2015 and was assessed as a priority on the stock condition survey, and therefore no other alternatives have been considered.

#### **5 REASONS FOR RECOMMENDATIONS**

- 5.1 All contractors who tendered for this project have fulfilled the Council's criteria for undertaking this type and value of work.
- 5.2 The recommended contractor has submitted the lowest tender and has been judged capable of complying with the specification.
- 5.3 The recommended works will enable the Decent Homes standard to be achieved, put the blocks into good repair, increase comfort, improve thermal efficiency, improve ventilation performance, improve security and reduce future maintenance costs.

#### **6 COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMERS SERVICES AND OTHER DEPARTMENTS**

##### **6.1 Financial Implications**

- 6.1.1 The tender for this project has been obtained in compliance with the Council's Contract Procedure Rules and was evaluated on the basis of the published criteria on lowest price. The cost of this project is now based on the recommended tender submission of £393,346.10. With multi-disciplinary fees of £23,600.77, this gives a total cost of £416,946.87. The recommended tender is £39,444.10 below the original tender estimate for works of £432,790.00. The scheme will affect 24 properties, 16 (66%) of which are leasehold.

- 6.1.2 The works will be delivered in 18 weeks from start on site, with practical completion expected to take place in 2014/15. The breakdown of the cost of the works over the financial years is estimated as follows:

	2014/15	2015/16	Total
<b>Works / Fees</b>	<b>Works &amp; Fees</b>	<b>Retention (2.5%)</b>	
	£	£	£
Construction Costs	383,512	9,834	<b>393,346</b>
Multi-disciplinary Fees	23,011	590	<b>23,601</b>
<b>Total Scheme Costs</b>	<b>406,523</b>	<b>10,424</b>	<b>416,947</b>

- 6.1.3 A maximum retention charge of £10,424 (based on 2.5% of the works and multi-disciplinary fee costs) will be paid 12 months from the contract completion date. Payment will be made following satisfactory remedial work to any defects that may have arisen as a result of the work carried during the defects period.
- 6.1.4 The cost of this work will be funded from the 2014/15 HRA capital resources. The scheme is included within the Housing Capital Programme for 2014/15 with an estimated budget allocation for works of £432,970 which is £39,444 (10%) more than the recommended tender.

## **6.2 Legal Implications**

- 6.2.1 The Council has the power to alter, repair or improve its housing stock in accordance with Section 9 of the Housing Act 1985. The Council further has power under Section 111 of the Local Government Act 1972 to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions.
- 6.2.2 The estimated costs of the proposed works are below the Public Contracts Regulations 2006 financial thresholds and therefore the full EU procurement procedures do not apply. However, the Council does need to be mindful of the EU general principles with regards equality, transparency, proportionality and non-discrimination. The client has confirmed that the tender exercise was carried out in accordance with the Council's Constitution, in particular, the Contract Procedure Rules.
- 6.2.3 The formation of any resultant legal contracts required in association with this matter must be in a form approved by the Assistant Director of Legal Services
- 6.2.4 Leaseholder consultation is required in accordance with the Landlord and Tenant Act 1985, as set out in section 6.4 below.

- 6.2.5 The engagement of the consultant for the multi-disciplinary consultancy service was in accordance with the Council's Contract Procedure Rules, as documented in a previous report.

### 6.3 Property Implications

- 6.3.1 The Council's standard residential lease places the obligation on the Council to undertake repairs to the windows of flats, including replacement of glazing. The lease also requires the Council to undertake repairs to common parts. In addition, the lease permits the Council to make improvements and recover a proportionate cost from the leaseholders.
- 6.3.2 As long as the Section 20 Notice procedures have been carried out correctly, the Council will be able to recover a proportionate amount of the costs from the leaseholders.
- 6.3.3 Undertaking the repairs and improvements should help extend the life of the building and reduce annual maintenance costs.

### 6.4 Leaseholder Implications

- 6.4.1 The Notices of Intention were served on March 7<sup>th</sup> 2014. 1 observation was received and duly replied to within the statutory timescales. No contractor nominations were received.
- 6.4.2 There are 16 leaseholders affected by this contract.

## 7 KEY RISKS

- 7.1 The main risks to the scheme are presented in tabular form below together with the corresponding mitigation actions.

	Risk	Impact	Probability	Mitigation	Owner
1	Non delivery of project	High	Medium	Develop project delivery plan, commission consultants and contractor	ALL
2	Quality issues	High	Medium	Set benchmark and monitor at site meetings through Contract Administrator & Clerk of Works reports. Measure continuous improvements using Key Performance Indicators.	Project Manager
3	Cost over run	Medium	Low	Rigorous cost planning, early reporting, comprehensive specification, inclusion of contingencies, tender analysis.	Project Manager
4	Time over run	High	Medium	Manage approvals stage. Monitor programme, monthly progress reports & damages.	Project Manager

	<b>Risk</b>	<b>Impact</b>	<b>Probability</b>	<b>Mitigation</b>	<b>Owner</b>
5	Extended consultation	Medium	Medium	Establish key milestones and communication strategy at outset.	Leaseholder Services/ Project Manager
6	Additional work identified	Medium	Medium	Detail and agree scope of works, prioritise core works, use contingency	Project Manager

- 7.2 Some of the work is to the exterior fabric of the blocks, so there is the risk of delay due to adverse weather. This risk will be mitigated by careful management of the project.

## **8 IMPACT ON COUNCIL PRIORITIES**

### **8.1 Fairness for All**

The Decent Homes programme that will be carried out as part of this project will enhance the quality of the housing stock owned by the Council. All properties will be brought up to a nationally recognised minimum set of standards for facilities and energy efficiency. The external fabric improvement of the flats will have a positive impact on the street scene. The Homes improved with this grant funding will assist in meeting the Council's objectives by providing as many residents as possible, over time, with good quality housing.

### **8.2 Growth and Sustainability**

New windows as part of the Decent Homes package will help to reduce heat losses, achieve noise reduction and together with the new heating systems provide overall energy savings. The improvements will have a positive impact on the energy performance of the dwellings. Products specified will be sustainable and energy efficient.

### **8.3 Strong Communities**

The Homes improved and repaired as part of the Decent Homes and Capital Works programmes will assist in meeting the Council's objectives by involving the residents in the decision making process and help them to play an active role in their local neighbourhoods. Works undertaken to improve lighting, security and design out crime will also enhance the sustainability of the neighbourhoods that we are investing in.

## **9 EQUALITIES IMPACT IMPLICATIONS**

Equalities impact assessments have been carried out as part of the procurement packages for all schemes.

## **10 PERFORMANCE MANAGEMENT IMPLICATIONS**

The works will see all dwellings made decent and others prevented from becoming non-decent. The installation of double glazing will also improve energy efficiency within the dwellings, by raising Energy Performance Certificate scores.

## **11 HEALTH AND SAFETY IMPLICATIONS**

- 11.1 All construction work falls under the Construction (Design & Management) Regulations 2007. A project of this size also qualifies for notification to the Health and Safety Executive and this has been sent to the HSE by the Enfield Homes appointed CDM Coordinator. Health and Safety considerations for this type of project include welfare facilities until the end of the project, various audits, inspections and reviews by both in house and third party professionals. The passage of accurate and specific information is also critical and this will include asbestos survey reports in the form of an asbestos register leading to specific refurbishment surveys, fire risk assessments and any significant design changes.
- 11.2 A substantial amount of planning involving various agencies goes into the pre-construction phase e.g. the taking over of land which is adequate in both size and location for site offices/welfare facilities. Asbestos surveys will be carried out at an early stage in the contract to avoid delay to the building works.

## **12 HUMAN RESOURCES IMPLICATIONS**

- 12.1 There are no human resources implications.

## **13 PUBLIC HEALTH IMPLICATIONS**

- 13.1 Decent Homes schemes seek to modernise council stock, providing structurally sound, thermally efficient and modern homes. The works will provide warmer more fuel efficient homes through installing modern sealed double glazed windows. The Energy Saving Trust estimate that new windows can save between £95 and £223 per year on fuel costs.
- 13.2 A study by Nottingham City council on the impact of its Decent Homes programme includes some of the benefits, which are:
- An improvement in children's respiratory health
  - An improvement in mental health by relieving excess cold and fuel poverty
  - Prevent accidents in the home
  - Reduce hospital admissions due to falls
  - Reduction in burglaries

## **BACKGROUND PAPERS**

Consultant's tender report: not for publication by virtue of Paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).