

MUNICIPAL YEAR 2019/2020 REPORT NO.

ACTION TO BE TAKEN UNDER DELEGATED AUTHORITY

OPERATIONAL DECISION OF:
Executive Director - Place

REPORT OF:
Sue McDaid – Head of Regulatory
Services and Corporate Health & Safety

Agenda – Part 1

KD Num: 4920

**Subject: Award of a contract for a
management consultancy from the
framework, Bloom.**

Wards: All

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1. EXECUTIVE SUMMARY

- 1.1 As a result of increasing concerns about conditions in the private rented housing sector in the Borough, Cadence Innova Ltd (who are a Management Consultancy firm) were procured to conduct a review. Cadence Innova Ltd are specialists with demonstrable experience of reviews of the private rented sector and measures to address issues. Cadence were appointed following an Invitation to Quote on London-tenders Portal and a competitive tender process. They have successfully delivered this review to high quality, within timescale and to budget.
- 1.2 The review found that there are large scale improvements required in Enfield's private rented sector that cannot be tackled using existing measures alone. Therefore, the Council is currently considering whether to introduce selective and additional licensing schemes for the private rented housing sector to tackle the large-scale improvements needed. It is evident from the review that conditions in the private rented sector are poor and deteriorating and that action needs to be taken as a priority.
- 1.3 A comprehensive public consultation is required in deciding whether to introduce selective and additional licensing schemes. Following this Cabinet may be asked to approve introduction of the schemes, which will include a number of workstreams. A management consultancy is required to provide expertise, capacity and of the requisite quality to assist the Council deliver this in a timely manner.
- 1.4 In terms of procuring this consultancy, consideration was given to undertaking an OJEU tender process in accordance with the Public Contract Regulations 2015. However, this process would take up to 9 months. Alternatively, consideration was given to calling off from the Crown Commercial Service (CCS) framework (Management Consultancy Framework Two (MCF2). Further competition is required for procuring from this framework and the process may take up to 3-4 months. These timescales are too long to address the immediate appalling conditions of some properties within the private rented sector.

- 1.5 The Bloom Framework was also considered as the framework is compliant with OJEU and the Council's procurement rules. A random sample of market data of nine management consultancy organisations was undertaken to determine value for money. Cadence Innova Ltd was the least expensive. Awarding the contract to Cadence Innova Ltd from the Bloom framework will provide value for money but will also provide the assured quality needed within a short timeframe without loss of continuity.

2. RECOMMENDATIONS

- 2.1 To note that the information provided in this report demonstrates that an award from the Bloom framework to Cadence Innova Ltd demonstrates value for money both in financial and assured quality terms.
- 2.2 Approve the award of contract to Cadence Innova Ltd from the Bloom Framework to assist the Council to proceed with the public consultation, and associated work to complete 'phase 2' to get to a Cabinet report with recommendations on the introduction of private rented sector licencing schemes.

3. BACKGROUND

- 3.1 A review of the private rented sector in the borough was undertaken between January and April 2019. This was to review data about the sector with regard to housing conditions and other issues and whether properties were being properly managed (and the impact this is having on Council resources). Cadence Innova Ltd was procured to assist the Council with this review through the London-tenders Portal and a competitive tender process.
- 3.2 The review identified that the Borough has significant issues with poor housing conditions, deprivation and antisocial behaviour in the private rented sector. Although there was a high level of enforcement and other measures taken to try to address the issues, that this is not sufficient on its own to make the large-scale improvements that are needed to the private rented sector.
- 3.3 Cadence Innova Ltd are near completion of the review of data about the private rented sector in the borough. For the purposes of this report we have referred to the review as 'phase 1'.
- 3.4 It is evident from the findings of the review in phase1 that for the reasons specified in paragraph 3.2 that an additional licensing scheme and selective licensing scheme (to licence properties in the private rented sector) should be explored to help address the issues. Due to the extensive work and specialist expertise required, we need to engage a management consultancy to assist us with the preparation

and delivery of a public consultation. We have referred to this element as 'phase 2'. If, following the public consultation, Cabinet are asked to approve these licensing schemes, significant programmes of work are required to prepare for and implement the schemes. We have referred to this element as 'phase 3'.

- 3.5 At the outset of phase 1, the purpose was to review the evidence about the conditions in the borough's private rented sector, the extent of the issues and whether existing measures were sufficient or additional measures such as licensing were required to address any problems identified. Phase 1 was an analysis of the data and evidence. We did not know at that stage whether there would be a need to progress to phase 2 (or phase 3). The proposed licensing schemes are a key Council priority to improve the widespread poor housing conditions for our private renters. This is a major project with the potential to require licensing of over 34,000 properties involving many separate workstreams to design, prepare and implement. Additional capacity, skills and expertise from a management consultancy is required to ensure that this project can be successfully delivered in a timely way and to the required standard.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 We have considered the management resources internally to deliver a project of this size and complexity. While we consider that we have some of the expertise, we do not have all the required skills and capacity to deliver this in a timely manner.
- 4.2 We considered undertaking a full OJEU tender process in accordance with the Public Contract Regulations 2015 to procure the management consultancy that is needed for this project. This process may take up to nine months to award the contract. It is evident from the phase 1 review that the conditions in the Borough's private rented sector are poor and deteriorating. This process is too long.
- 4.3 We considered using a Call off Crown Commercial Service (CCS) framework to procure the service needed (Management Consultancy Framework Two (MCF2)). This would require an initial two-week soft Market testing as there are 277 companies on the Framework to reduce it to a more manageable level. Further competition is the default route to market for buying from this framework. To carry out a mini tender would take a further 3-4 months. We would also need to add a mobilisation period. This process is also not timely enough.
- 4.4 We therefore explored the Bloom Framework as it is OJEU and procurement rules compliant, and contracts for services can therefore be procured more quickly.

5. REASONS FOR RECOMMENDATIONS

- 5.1 Additional capacity, skills and specialist expertise from a management consultancy is required to ensure that this project can be successfully delivered in a timely way and to the required quality standard.
- 5.2 We explored the Bloom Framework due to the ability to procure in a shorter timescale. Cadence Innova Ltd are one company on that framework. Whilst there is the added benefit of already being mobilised and delivering the quality service required, we also needed to assess whether Cadence would present value for money in pure cost terms. Estimates have been provided by Cadence in consultation with us to provide confidence to decide the best value for money. We undertook a random sample of market data of the services we require (Appendix 1). The market data represents a mix of small, medium and large consultancy companies with experience in Local Government. The analysis found that Cadence Innova Ltd are the least expensive.
- 5.3 It is also essential that as part of the assessment that we have confidence in the quality and capability of a management consultancy to deliver this project. From our network knowledge across the housing sector we believe that Cadence have the specialist subject expertise and have successfully assisted other councils in the introduction of private rented sector licensing schemes. Cadence also provide an independent role to ensure the Council follows best practice and has the expertise in dealing with MHCLG.
- 5.4 Cadence have worked successfully and collaboratively with us in Phase 1, which has been delivered within time and within budget. The Cadence Team are currently mobilised with allocated resources and specialist knowledge and ready to deliver further work for us. They have a deep understanding of Enfield and of the work undertaken in phase 1.
- 5.5 It is essential that the Council acts expediently and to explore the proposed licensing schemes further as conditions in the private rented sector are significantly poor, wide-spread and deteriorating. The required timeframe for phase 2 is tight which means it needs to commence as soon as possible.

6.0 COMMENTS FROM OTHER DEPARTMENTS

6.1 Financial Implications

- 6.1.1 There are specific costs associated with administering and operating a licensing scheme which can be recovered through licence fees set by the Council and paid by the licence applicant. Recent case law from the European Services Directive has directed how councils should set their licence fees and recover their costs.
- 6.1.2 The relevant allowable costs that the council can recover from licence fees include the administration costs to operate the scheme; costs of

specialist licensing software; third party costs; and the cost of the consultation process. These costs will be recovered via the licence fee that is set should the scheme be implemented.

6.2 Legal Implications

- 6.2.1 Section 111 of the Local Government Act 1972 permits local authorities to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of their functions.
- 6.2.2 The Council has a general power of competence under section 1(1) of the Localism Act 2011 to do anything that individuals may do, provided it is not prohibited by legislation and subject to Public Law principles.
- 6.2.3 The recommendations in this report will enable the Council to facilitate its functions.
- 6.2.4 The Council must comply with all requirements of its Constitution, Contract Procedure Rules ("CPRs") and the Public Contracts Regulations 2015 ("Regulations").
- 6.2.5 The CPR Rule 4 permits the use of an approved, legally compliant Framework and the P & C Hub has apparently done due diligence on the Framework in question. No award over £10,000 can be made via a Framework without documented approval from the P & C Hub.
- 6.2.6 Any call off from a Framework must be carried out strictly in accordance with the call off provisions of the relevant framework and via the E-Tendering Portal.
- 6.2.7 The Council must ensure value for money in accordance with the overriding Best Value Principles under the Local Government Act 1999. Throughout the engagement of the commercial property consultants referred to in Part 2 of this Report, the Council must comply with its obligations of obtaining best value, under the Local Government Act 1999. The Council must keep a clear audit trail of its decision to use these Frameworks to demonstrate that best value has been, and will continue to be, obtained for the Council.
- 6.2.8 The Council has already called off the Bloom Framework by entering in to a Call Off Contract with Bloom, the Neutral Vendor, for specialist professional services. They are responsible for procuring the services and (under Clause 13.3.2 of the Call Off Contract) they shall use reasonable endeavours to procure that the specialist professional services provider complies with the terms of the Call Off Agreement and Works Order in delivering the services. Under the terms of the Call Off Agreement Bloom will now enter into a sub-contract with the specialist services provider by Works Order.

6.2.9 As there will be no privity of contract between the Council and the specialist professional services provider (Cadence), for additional security a Collateral Warranty should be provided to the Council by the specialist professional services provider. The terms of such Warranty must be approved in advance of contract commencement by Legal Services on behalf of the Director of Law and Governance.

6.3 Property Implications

There are no property implications.

6.4 Procurement Implications

6.4.1 Any procurement must be undertaken in accordance with the Councils Contract Procedure Rules (CPR's) and the Public Contracts Regulations (2015).

6.4.2 The award of the contract, including evidence of authority to award, promoting to the Councils Contract Register, and the uploading of executed contracts must be undertaken on the London Tenders Portal including future management of the contract.

6.4.3 All awarded projects must be promoted to Contracts Finder to comply with the Government's transparency requirements.

6.4.4 The use of the Bloom Neutral Vendor Framework is a compliant route to market. Not all frameworks represent value for money. However, given the market research undertaken; this research shows that the rates provided through the Bloom framework are market appropriate, and are cheaper than other framework providers.

6.4.5 By using another provider, there will be the cost of the procurement, plus if another provider was to be used the cost of 'on boarding' the new provider.

6.4.6 The P&C Hub met with the service to discuss all options and felt that after discussion that sufficient market testing had been undertaken to demonstrate Value for Money in this instance.

7.0 KEY RISKS

7.1 The most significant risk in not retaining a management consultancy, and Cadence Innova Ltd in particular, is the lack of additional capacity, skills and expertise in-house that is required to ensure that this project can be successfully delivered in a timely way and to the required quality standard. If not retained there will be a loss of continuity of work and understanding, further data analysis required and all of which will incur additional resources from across the Council and additional procurement costs.

- 7.2 Undertaking alternative procurement processes will take between 3-9 months. During this time internal resources will be taken away from completing the Phase Two preparation, so the required timescales would not be met.
- 7.3 Reputational risk if the proposed licensing scheme is delayed unduly whereupon we would need to source external management consultancy at the last-minute leading to a poor image of the Council and face uncontrollable costs to deliver the project.
- 7.4 If a new supplier were to be engaged there would be a requirement for a handover between Cadence and Enfield and then from Enfield to the new supplier putting additional pressures on the timeframe and internal resources. Any break in continuity could put the project at risk and if mitigated, result in time delays impacting on costs.

8.0 IMPACT ON COUNCIL PRIORITIES – CREATING A LIFETIME OF OPPORTUNITIES IN ENFIELD

8.1 Good homes in well-connected neighbourhoods

- 8.1.1 One of the Council's key promises in the corporate plan is *"Delivering initiatives to improve standards in the private rented sector and tackle rogue landlords."* The introduction of additional and selective licensing schemes is fundamental to the delivery of that promise and is the most important tool the Council will have to enable an improvement in the standard of privately rented homes and making Enfield a place that does not tolerate rogue landlords. Using the specialist management consultancy like Cadence Innova will help to ensure we deliver this scheme.

8.2 Sustain strong and healthy communities

- 8.2.1 The main objective of both licensing schemes is to improve the management and maintenance of properties in the private rented sector. Utilising Cadence Innova Ltd, who have worked successfully to deliver other schemes across the UK, will ensure we manage the process and deliver the right outcomes. This supports the council's corporate aim to *"Build measures into all our strategies and projects that will help improve public health and people's wellbeing."*

8.3 Build our local economy to create a thriving place

- 8.3.1 Cadence has built strong relationships and understanding of the culture, vision and requirements for the proposed licensing schemes in Enfield. This means there is a shared understanding across the teams of the project, its context and the objectives.

- 8.3.2 The relationships that Cadence (along with internal staff) have established with external stakeholders/partnering suppliers (including MHCLG) will be of great importance in the following project phases. Strong relationships with these suppliers are needed to ensure that 'value' and 'support' is provided to Enfield in a timely manner.

9.0 EQUALITIES IMPACT IMPLICATIONS

- 9.1 A predictive Equalities Impact Assessment has been considered for the implementation of the Licencing Schemes. All suppliers to the Council must adhere and support our initiatives. Cadence Innova Ltd have inputted on the assessment and will be involved if appointed in its review and completion of the actions required. It should be noted that the any contracts awarded should include a duty on the successful applicant to assist us with meeting our obligations under the Equalities Act 2010.

10.0 PERFORMANCE AND DATA IMPLICATIONS

- 10.1 A set of deliverables and workstreams will be agreed for both Phase 2 and Phase 3 with Cadence Innova Ltd (Appendix 2 & 3).
- 10.2 We have Data sharing agreement with Cadence Innova Ltd which is GDPR compliant. All data and information sources will be quality assured.

11.0 HEALTH AND SAFETY IMPLICATIONS

- 11.1 There are no specific health and safety implications for approval of this award.

12.0 HR IMPLICATIONS

- 12.1 There are no immediate human resources implications for approval of this award. Cadence Innova will be engaged under a service contract.

13.0 PUBLIC HEALTH IMPLICATIONS

- 13.1 There are no public health implications of a direct award from this framework.

Background Papers

Appendix 1 – Market Research on costs
Appendix 2 - Deliverables and Workstreams Phase 2
Appendix 3 - Deliverables and Workstreams Phase 3