

CHESHIRE EAST COUNCIL

REPORT TO: JOINT EXTRA CARE HOUSING MANAGEMENT BOARD

Date of Meeting: 15 June 2010
Report of: Borough Solicitor
Subject/Title: Procurement of Advisors

1.0 Report Summary

- 1.1 This report provides an indication of the likely resourcing requirements and methods of procurement for external advice to the project.

2.0 Decision Requested

- 2.1 To note the contents of the report.

3.0 Reasons for Recommendations

- 3.1 To ensure that Members are aware of the external resourcing requirements in relation to this project.

4.0 Wards Affected

- 4.1 Poynton and Sandbach East & Rode in Cheshire East.
4.2 Blacon and Sutton & Manor, (Ellesmere Port) in Cheshire West and Chester.

5.0 Local Ward Members

- 5.1 Poynton – Cllr Roger West, Cllr Chris Beard, Cllr Howard Murray
Sandbach East & Rode – Cllr Elsie Alcock, Cllr Rhoda Bailey,
Cllr Andrew Barrett
5.2 Blacon – Cllr Reggie Jones, Cllr Marie Nelson, Cllr Alex Tate
Sutton & Manor (Ellesmere Port) – Cllr Kimberley Anderson,
Cllr Bob Crompton, Cllr Paul Donovan

6.0 Policy Implications including - Climate change - Health

- 6.1 To assist in addressing the significant demographic shift toward the over 65 population in Cheshire East and Cheshire West and Chester

7.0 Financial Implications (Authorised by the Borough Treasurer)

- 7.1 It is not possible to predict the likely costs of external advisors, but there will be a considerable financial impact once these advisors are appointed. This will form part of the project budget.

8.0 Legal Implications (Authorised by the Borough Solicitor)

- 8.1 Due to the size and nature of the work to be undertaken by the respective advisors, there would need to be full EU procurements for all but one discipline. The procurements are, of themselves, a significant undertaking.
- 8.2 The Board has power to deal with the appointment of advisors. The Finance and Contract Procedure Rules of Cheshire East Borough Council would apply to the process

9.0 Risk Management

- 9.1 The project could not be delivered without appropriate resources. There is a healthy market for advisors for extra care PFI projects and this should ensure that appropriate experience is secured to assist the Councils' officers to deliver the project.

10.0 Background

Introduction

- 10.1 The Extra Care PFI project would, if approved, be procured using the Competitive Dialogue process, (a pre-requisite for PFI procurements). The process is complex and hugely resource intensive and would of necessity require external advice to support in-house capacity to ensure timely project delivery.
- 10.2 The ability to demonstrate a robust project delivery resource is a pre-requisite of the grant of PFI Credits and a key concern of HCA in terms of project delivery.
- 10.3 When Cheshire County Council undertook Round 3, it utilised the following types of external advisors:
- Legal
 - Financial
 - Project Management
 - Technical
 - Insurance (of late added to the Financial advisor brief as a sub-contractor)

Procurement

- 10.4 All services detailed above, with the exception of Legal, require a full EU procurement. Even though Legal is not strictly caught, it is best practice to procure in accordance with the EU requirements.
- 10.5 The most appropriate procurement procedure would be the Restricted Procedure which involves certain minimum timescales (which cannot be reduced).
- 10.6 To proceed with the procurement it would be necessary to produce the following documentation:
- OJEU advert
 - Project scope and brief to external advisors
 - Pre-qualification questionnaire
 - Evaluation criteria
 - Terms and conditions of contract
- 10.7 A typical bespoke procurement of this nature takes approx 3-4 months and would require significant officer resource to manage the procurement process.
- 10.8 Based on past experience on previous projects it would be likely that the following numbers of firms would express an interest in the project:
- Legal – 30
 - Technical – 10
 - Project Management – 10
 - Financial – 8
 - Insurance – 5
- 10.9 Cheshire East is the lead Authority for the purposes of the Extra Care PFI Contracts. It would need to satisfy itself that adequate resource existed to run these procurements which would generate significant market interest. The procurements will be conducted in accordance with the Contract Procedure Rules of Cheshire East.

Possible Approaches

- 10.10 There are some alternatives which may allow us to minimise the time and effort involved in a bespoke procurement, such as:
- Use of call-off contract arrangements
 - Restructuring existing staff workloads and supplementing as necessary with external provision

- Engagement of experienced agency staff to work on the project in place of/to minimise external advice

Call-Off Arrangements

- 10.11 This would involve the use of existing pre-tendered framework arrangements such as that run by the Office of Government Commerce for the whole range of services.
- 10.12 Frameworks contain lists of pre-tendered contractors in a number of disciplines together with agreed hourly/daily rates with sign up to a standard set of terms and conditions of engagement. The call-off arrangements can significantly reduce officer input into the process and still ensure that the Councils have an opportunity to bespoke the level of service and secure value for money through mini-tender exercises. The main difficulty is the fact that not all key advisers are on the lists compiled when the frameworks were procured.

Restructuring existing workloads with external support where necessary

- 10.13 This would involve the re-allocation of workloads and use of external advisors to supplement the in-house resource.
- 10.14 This may be difficult to achieve in practice and external expertise in the extra care market is considerable and likely to be a beneficial addition to any project team.

Engagement of experienced agency staff

- 10.15 Such an approach could, with adequate administrative support, be worth investigating. Such agency staff could be employed on fixed term contracts, which should help to secure beneficial rates. The agency staff would become embedded in the project team. However, there is no guarantee that they would stay for the duration of the project.

Conclusion

- 10.16 There are a number of possible options here. The key is to ensure that adequate time and resource is made available both for these procurements and for the project itself. Officers will continue to develop the ideas within this report over the coming months in good time for the decision of the HCA.

11.0 Access to Information

- 11.1 The background papers relating to this report can be inspected by contacting the report writer:

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