

EXECUTIVE DECISION RECORD SHEET

Name of decision makers:	Cllr Margaret Griffiths, Portfolio Holder for Housing Cllr Nicholas Tiley, Portfolio Holder for Resources
Portfolio:	Housing
Date of Portfolio Holder Decision:	8 January 2009

Title of Decision:
Appointment of Legal, Financial and Stock Condition Advisors to the Housing Futures Project (IDP Ref.: 145)
Decision made and reasons: That following a formal procurement process which complied with the Council Standing Orders, Procurement Standing Orders and OJEU process the following consultant appointments be made to support the Housing Futures Project. Stock Condition Survey Savills Financial Consultant Enterprise BWNL Legal Consultant Trowers & Hamlins The Director of Community Customers and Housing has signed a Certificate of Authorisation for Early Notification and Work for each appointment during the Alcatel Period in accordance with Procurement Standing Order D7.1. This decision has been reported to the Portfolio Holder for Housing and the Portfolio Holder for Resources. The consultants will be informed that any work undertaken as a result of such notification will be entirely at their own risk. A copy of each certificate is appended to this Executive Decision Record.
Reports considered: Dacorum Borough Council Standing Orders and Procurement Standing Orders.
Officers/Councillors/Ward Councillors/Stakeholders Consulted: Portfolio Holder for Resources Director of Resources Housing Futures – Lead Officer Interim Head of Housing Strategy Housing Futures Project Manager Senior Manager Corporate Procurement
Monitoring Officer/Chief Financial Officer Comments: Comments of the Deputy s151 officer on behalf of the Chief Finance Officer: The procurement process has been undertaken in accordance with the Council's Financial Regulations and Procurement Standing Orders. The proposed expenditure relating to the appointment of these consultants can be contained within the overall supplementary estimate for the Housing Futures Project approved by Council 19 November. During the budget process for 2009/10 the individual budgets will need to be updated to reflect costings received as a result of this tendering exercise.

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Monitoring Officer comments: These contracts cannot be completed until the 'Alcatel Period' has expired. If the result of the tenants' ballot is in favour of a stock transfer it is envisaged that Trowers & Hamlins will become the legal advisers for the 'shadow board' of the new RSL. In which case, the Council will need at that stage to appoint its own legal advisers.

Implications:

Risk:

The failure to appoint individuals or organisations to the project with appropriate skills and in a timely manner will put the Council and its tenants at significant financial and service risk. This has been identified in the project risk management analysis (Ref. O6 Project Risk Register).

Value for Money

Financial

The estimated pre-ballot cost of the project will be £1.26 million chargeable to HRA and General Fund over 2 years. Only those costs identified within the guidance to LSVT issued by the Department of Communities and Local Government can be charged to the HRA, the remaining costs are required to be borne by the General Fund. Cabinet agreed a budget for the project in September 2008.

If the transfer is successful the Council will be able to capitalise the cost of the project against the capital receipt for the housing stock on transfer. In the event that the ballot of tenants is not successful, any abortive costs, not chargeable to the HRA, will have to be charged to the General Fund and will be met from the supplementary estimate recommended for approved by Cabinet on 23 September 2008 and subsequently approved by Council on 17 November 2008.

Quotes have been obtained from external consultancy practices in accordance with the Councils Standing Orders, Procurement Standing Orders and OJEU regulations. Where appropriate specific pre and post ballot work has been aggregated to ensure each contract attracts economies of scale.

Tenants

The project will release approximately £10 million annually for investment in the Council's housing stock, should it transfer, and will enable additional supply of affordable housing.

Council

At a risk of approximately £700,000 potentially abortive costs, the Council will have the opportunity to ballot tenants on the transfer of the Council's Housing Stock to a Registered Social Landlord who would be able to provide a financially sustainable business plan for the future and thus resolve the financial problems currently suffered by the HRA. In addition, the Council will receive a significant capital receipt, subject to the stock valuation and the "offer", which may enable the additional supply of affordable housing and provide support for the development of sustainable communities within the Borough.

Options Considered and reasons for rejection:

The specialist nature of the work means that the only alternative option, which could

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have been considered, would have been to make temporary appointments to the establishment. This would not have offered the flexibility that the project requires and would represent a single point of failure to the success of the project.

Portfolio Holders Signature:

Date:

Details of any interests declared and any dispensations given by the Standards Committee:

The Director for Resources has declared a non-prejudicial interest in respect of an individual involved one of the Financial Advisor tenders.

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Date Decision Record Sheet received from portfolio holder: 8 January 2009

Date Decision Published: 8 January 2009 Decision No: PH/004/09

Date of Expiry of Call-In Period: 15 January 2009

Date any Call-In received or decision implemented:

BACKGROUND

At the meeting Cabinet on 27th May 2008 it was resolved that we would undertake a ballot of council tenants on the possibility of transferring the ownership of the housing stock to a Registered Social Landlord. This ballot will take place in autumn 2009.

In September 2008 Cabinet:

- 1) Approved the Housing Futures Project budget.
- 2) Recommend the approval of a supplementary estimate of £691,000 for 2008/9 for the project to Council.
- 3) Recommend to Council that the award of £959,624 Local Authority Business Growth Initiative funding be used to finance the Housing Futures supplementary estimate in 2008/9 and the balance is held in an earmarked reserve to partially finance the 2009/10 pre-ballot costs.
- 4) Approved the appointment of the Housing Futures Project Manager, the Communications Consultant and the Independent Tenant Advisor.
- 5) Delegated joint authority to the Portfolio Holder for Housing and the Portfolio Holder for Resources to authorise the procurement and appointment of additional support and consultancy provided it is within the budget identified in the Cabinet report.

The purpose of this Executive Decision Record sheet is to agree the appointment of the legal, financial and stock condition survey consultants in compliance with

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recommendation 5) of the September 2008 Cabinet report. An outline of key work activities for each consultant is attached as Appendix A.

A large-scale voluntary transfer requires a significant amount of specialist work from organisations with prior experience of the stock transfer process. The Council does not have the prerequisite skills in house to undertake this work and it is unlikely to be cost effective for it to employ these skills.

In order to attract economies of scale the pre and post ballot work has been aggregated, although break clauses will exist in the contract in the event that the post ballot work becomes unnecessary.

The costs associated with this work and a summary of the estimated costs have already been reported to and agreed by Cabinet. The Council has received 9 tenders for the stock condition survey, 8 tenders for legal consultancy and 4 tenders for financial consultants. We believe that there has been a sufficient response to each brief to obtain good range of options and secure value for money whilst adding value to the project.

Officers undertook a qualitative evaluation of the tenders and to consider whether each organisation is qualified, competent and experienced enough to support the project.

The results of each evaluation is detailed as follows:

Stock Condition Survey		
<u>Name of Organisation</u>	<u>Cost</u>	<u>Evaluation Score</u>
Savills	£ 60,650.00	97.4
Michael Dyson	£ 60,596.00	94.7
Hunters	£ 58,394.00	93.5
Philip Bailey	£ 64,415.00	85.5
Ridge	£ 70,500.00	82.4
Property Techtonics	£110,448.00	61.6
Pellings	£118,076.00	56.0
eaga	£135,562.00	54.7
Faithful & Gould	£270,000.00	33.0

It is recommended that Savills is appointed to undertake the Stock Condition Survey for the Housing Futures Project.

Legal Advisor (pre ballot - both Council and new organisation and post ballot new organisation only)		
<u>Name of Organisation</u>	<u>Cost</u>	<u>Evaluation Score</u>
Cobbetts	£153,500	78
Needhams	£143,000	71
Shoosmiths	£150,000	80
Pinsent Masons	£136,500	72
Trowers & Hamlins	£140,000	92
Wright Hassall	£144,500	88
Field Fisher	Withdrew tender prior to interview	
Lawrence Graham	£162,250	63

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It is recommended that Trowers & Hamlins be appointed to undertake the Legal Consultancy for the Housing Futures Project.

Financial Advisor (pre ballot - both Council and new organisation and post ballot new organisation only)		
Name of Organisation	Cost	Evaluation Score
Tribal	£119,000	83.10
Enterprise BWNL	£100,000	89.80
Savills	£163,500	66.10
Inventures	Withdrew tender prior to interview	

It is recommended that Enterprise BWNL be appointed to undertake the Financial Consultancy for the Housing Futures Project.

Further ad hoc consultants may be appointed throughout the project to undertake specific work as and when required. Any appointments will be made provided they can be funded from within the project budget agreed by Cabinet. Further Portfolio Holder Executive Decisions will be made in accordance with the Council's Procurement Standing Orders and Procurement Strategy.

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Appendix A

KEY ACTIVITIES OF EACH PROJECT CONSULTANT IN THIS APPOINTMENT REPORT.

Stock Condition Survey

A key activity in “building the offer” is the stock condition survey. The purpose of the document is to provide a balanced view of the current condition of the stock and likely investment needs for the next 30 years. Post survey the Council will need to consider these investment needs and how they will be met. The tenant steering group will also form its own view with help from the ITA. The fledgling RSL / Community Gateway will use this information and the survey, in conjunction with the tenant priorities to develop the 30-year business plan. This strand of work will, for the most part, determine the amount of capital receipt paid to the Council once the stock transfer takes place.

Legal Advisors

The functions of the legal advisor vary between pre and post ballot work. In the pre ballot stage the purpose is to ensure that the Council acts legally in explaining the issues to tenants and leaseholders. In addition to this the advisor will ensure that appropriate governance structures and rules are put in place for the fledgling organisation and the shadow board.

We are proposing that the tenders for the legal work is packaged together to ensure value for money is achieved in the tendering process. The appointed organisation will work for the new landlord post ballot. The Council will therefore need to make arrangements to appoint it's own legal advisors post ballot.

Financial Consultants

The role of the financial consultant is to co-ordinate the work of the ITA, the legal advisor, the results of the stock condition survey and the tenants' priorities; to cost and model the business plan on the basis of the offer to tenants; provide advice to the Council pre ballot on financial implications arising out of the proposed offer to tenants and to liaise with the Department of Communities and Local Government.

It is proposed the appointed organisation will work for the new landlord post ballot. The Council will therefore need to make arrangements to appoint it's own financial advisors post ballot.