

Homes for Haringey

PROPOSAL IN RESPECT OF A QUALIFYING LONG TERM AGREEMENT RELATING TO THE ENGAGEMENT OF INDEPENDENT SPECIALIST CONSULTANCY SERVICES FOR CONSTRUCTION WORKS (CfCWA)

Prepared pursuant to
The Service Charges (Consultation Requirements) (England) Regulations 2003
Schedule 2

1. The name and address of every party to the proposed agreement other than the Council:

- (i) Gardiner & Teobald LLP, 32 Bedford Square, London, WC1B 3JT
- (ii) John Burke Associates, 60 Lombard Street, London, EC3V 9EA
- (iii) Frankham Consultancy Group, Irene House, Five Arches Business Park, Maidstone Road, Sidcup, Kent, DA14 5AE
- (iv) Keegans, Studio 2, 193-197 Long Lane, London, SE1 4PD
- (v) Potter Raper Partnership, Julco House, 26-28 Great Portland Street, London, W1W 8QT

2. There is no connection between the London Borough of Haringey and:

- (i) Gardiner & Teobald LLP, 32 Bedford Square, London, WC1B 3JT
- (ii) John Burke Associates, 60 Lombard Street, London, EC3V 9EA
- (iii) Frankham Consultancy Group, Irene House, Five Arches Business Park, Maidstone Road, Sidcup, Kent, DA14 5AE
- (iv) Keegans, Studio 2, 193-197 Long Lane, London, SE1 4PD
- (v) Potter Raper Partnership, Julco House, 26-28 Great Portland Street, London, W1W 8QT

as defined by the Service Charges (Consultation Requirements)(England) Regulations 2003, Schedule 2.

3. For the unit cost or hourly or daily rate applicable to the relevant matters to which the proposed agreement relates, see Appendix 1.
4. The intended duration of the agreements is two years with an option for two further years of one year each, beginning in April 2008.
5. The Council has received observations on Notices of Intention dated 22 October 2007 to which it was required to have regard. For a statement summarising the observations and the Council's responses to them, see Appendix 2.

Fee Percentages for CDM Co-ordinator Services

Item No.	Total Project / Work Value		Fee %
	Minimum Value	Maximum Value	
CDM1	£500	£24,999	£2,500
CDM2	£25,000	£49,999	£2,500
CDM3	£50,000	£249,999	£2,500
CDM4	£250,000	£499,999	1.00%
CDM5	£500,000	£999,999	0.85%
CDM6	£1,000,000	£2,499,999	0.60%
CDM7	£2,500,000	£4,999,999	0.400%
CDM8	£5,000,000	£9,999,999	0.30%
CDM9	£10,000,000	£14,999,999	0.225%
CDM10	£15,000,000	£19,999,999	0.20%
CDM11	£20,000,000	£24,999,999	0.175%
CDM12	Over	£25,000,000	0.16%

Hourly Rates for CDM Co-ordinator Services

Code	Level	Hourly Rate (£)	150-419 hours reduction (%)	420-599 hours reduction (%)	Over 600 hours reduction (%)
CDM13	Management / Principal	98.00	2	5	5
CDM14	Senior Professional	81.00	1	3	3
CDM15	Professional	58.00		2.5	2.5
CDM16	Senior Technician	52.00		2.5	2.5
CDM17	Technician	N/A			
CDM18	Expert Witness	N/A			

Fee Percentages for Clerk of Works Services

Item No.	Total Project / Work Value		Fee %
	Minimum Value	Maximum Value	
COW1	£500	£24,999	7.68%
COW2	£25,000	£49,999	5.12%
COW3	£50,000	£249,999	3.84%
COW4	£250,000	£499,999	2.88%
COW5	£500,000	£999,999	2.70%
COW6	£1,000,000	£2,499,999	1.26%
COW7	£2,500,000	£4,999,999	0.81%
COW8	£5,000,000	£9,999,999	0.63%
COW9	£10,000,000	£14,999,999	0.53%
COW10	£15,000,000	£19,999,999	0.54%
COW11	£20,000,000	£24,999,999	0.50%
COW12	Over	£25,000,000	0.31%

Hourly Rates for Clerk of Works Services

Code	Level	Hourly Rate (£)	150-419 hours reduction (%)	420-599 hours reduction (%)	Over 600 hours reduction (%)
COW13	Management / Principal	65.00	5	10	15
COW14	Senior Professional	45.00	5	10	15
COW15	Professional	40.00	5	10	15
COW16	Senior Technician	35.00	5	10	15
COW17	Technician	30.00	5	10	15
COW18	Expert Witness	65.00	5	10	15

Hourly Rates for Quantity Surveyor Services

			150-419 hours reduction (%)	420-599 Hours reduction (%)	Over 600 Hours reduction (%)
Code	Level	Hourly Rate (£)			
FRANKHAM CONSULTANCY GROUP PLC					
QP1	Management / Principal	120	0	1	1.5
QP2	Senior Professional	70	0	1	1.5
QP3	Professional	55	0	1	1.5
QP4	Senior Technician	35	0	1	1.5
QP5	Technician	28	0	1	1.5
QP6	Expert Witness	120	0	1	1.5
KEEGANS GROUP PLC					
QP1	Management / Principal	90.00	0	2.5	5
QP2	Senior Professional	78.00	0	2.5	5
QP3	Professional	58.00	0	2.5	5
QP4	Senior Technician	52.50	0	2.5	5
QP5	Technician	47.50	0	2.5	5
QP6	Expert Witness	115.00	0	2.5	5
POTTER RAPER PARTNERSHIP LLP					
QP1	Management / Principal	100	2.5	5	7.5
QP2	Senior Professional	90	2.5	5	7.5
QP3	Professional	75	2.5	5	7.5
QP4	Senior Technician	60	2.5	5	7.5
QP5	Technician	50	2.5	5	7.5
QP6	Expert Witness	100	2.5	5	7.5



**APPENDIX 2
(of the Proposal)**

Consultancy Services for Construction Works – Summary of observations received from leaseholders in relation to the first section 20 notices (dated the 22/10/2007) and the responses made to them by Homes for Haringey.

The following constitutes a record of the observations (4 in number) received from leaseholders regarding the two Notices of intention to enter into long term agreements in relation to the proposed agreement. This summary also contains the responses made to the leaseholders by Homes for Haringey - acting on behalf of the Council.

- a. The question was raised as to whether the agreements would cause unnecessary costs and be a financial burden on leaseholders. Homes for Haringey responded that the proposal was to a large extent a continuation of the existing arrangements for providing these services. Furthermore leaseholders would have the opportunity to comment before a charge for work in excess of £250 was made to them under this agreement. Thus, as in the case of all charges for more than £250 (relating to works), they will receive a Section 20 Notice with the reasons and the estimated cost of the work. This notice will give them the opportunity to make observations to which a response must be given within 30 days.
- b. A leaseholder suggested that it would be more cost effective if the Council were to undertake the work using its own employees, but instead it had “chosen to pass the cost on to leaseholders”. Homes for Haringey said in reply that the Council recharges leaseholders with a proportion of all the costs it incurs in relation to its housing services, regardless of whether these relate to its own employees or outside contracts. The argument in favour of contracted out services was simply that costs are only incurred if the service is used, otherwise no costs are incurred.
- c. The comment was made that the Council should “employ the relevant professionals”. Homes for Haringey replied that consultants would have their own professional people who would be capable

of carrying out the necessary work. Hence the Council would only have to pay for these services when they were needed. If the same staff were employed by the Council on a full time basis, the cost would be greater.

- d. A leaseholder raised the question since “we are already paying contractors who carry out maintenance works. Why do we pay for the supervisors of such works when it should be the remit of the Council to provide this service?” Homes for Haringey explained that leaseholders only have to pay for work or services if they relate directly to their property, so in fact they were not paying already towards the work of any contractors. If the Council were to employ the consultants on a permanent basis the costs would be much higher since the Council would only have to pay the contractor when he actually carries out work for us.
- e. It was suggested that there was too much reliance on contracting out public services which might cause greater costs to leaseholders homes for Haringey responded that contracting out only affected quite a small part of Homes for Haringey’s or the Council’s services. It was explained that it resulted in no more costs to leaseholders and Council Tax payers than the permanent employment of staff. It was usually done to reduce costs, to benefit everyone.
- f. The comment was made that the use of this type of contract reduces the Council’s ability to provide services to the people living in the Borough. Homes for Haringey responded that the Council still employs a lot of permanent staff, which ensures that there is a continuous oversight of the services it provides. Contracts are generally used for specialist services which are only used intermittently. If such staff were permanently employed by the Council it would very probably result in specialist staff not being fully utilised.
- g. The question was raised as to why the Council was appointing up to 5 specialist consultancy firms. Homes for Haringey explained that there were two reasons for this. Firstly certain areas of work require firms which are specialists. This often applies to work regarding quantity surveying, implementation of the Construction (Design and Management) Regulations (2007) and so on. Secondly firms undertaking the work often have to monitor the work carried out by others. They generally have to provide independent reports on whether such work is meeting the necessary standards. This means they have to be separate and independent firms in order to be able to carry out this work (similar to firms of auditors).

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