



Homes for Haringey

Leasehold Panel Meeting **Monday 10 September 2007**

Contents:

- Page 2 Minutes of the Leasehold Panel for the meeting in the Civic Centre, Monday 10 September 2007.
- Page 7 Appendix 1: Email from Home Ownership Team Manager to the Nick Martin-Clark, HLA
- Page 8 Appendix 2: Report - Resident Involvement Agreement Review
- Page 13 Appendix 3: What is Partnering? Overview of the Partnering Process
- Page 19 Appendix 4: Partnering



Homes for Haringey

Minutes of the Leasehold Panel for the meeting in the Civic Centre, Monday 10 September 2007.

1. Attendance. Mrs R Batzias, Mrs L Richards, Mrs B V Hines, Ms J Mangrobang, Mr F Edwards, Mr N Martin-Clark, Mr C Connolly, Mr J Innocent, Ms R Rostom, Mrs S Adewumi, Mr J Wood, Mr M Ruggins, Mrs A Goodhew, Mr M Laheen, Ms A Crellin, Ms S Perlman, Ms S Williams, Mrs D Grandson, Mr J Mawete-Ngangu, Mr C Ekeowa, Ms S Mboizi, Ms S E Brown (Chair of Haringey Leaseholders' Association) and Mr C Graham (London Leaseholders' Network).

Officers. Mr N Thevanesan, Home Ownership Manager, Ms S Davies, Senior Resident Involvement Officer, Mr O Akinfe, Head of Asset Management and Mr B Nicholas, Project Officer, who took the minutes.

2. Minutes of the last meeting (30 July 2007). Ms Mangrobang pointed out that her name had been misspelled in the last minutes. Apart from this the minutes were agreed as a true record.

3. Chairing of the meeting. Ms Brown proposed that Mr Martin-Clark should become the Chair of the Leasehold Panel. She referred to the fact that it had been agreed in principle at a previous meeting that a leaseholder should chair meetings and nominated Mr Martin-Clark. The proposal was seconded. Mr Thevanesan expressed his willingness to vacate the chair immediately. Mr Martin-Clark accepted the nomination but said, if agreed, he would like to take the chair after *Matters arising*. Some discussion ensued. Mr Ruggins and Mrs Goodhew both stressed the importance of the chair being impartial in all matters. It was agreed that the Terms of Reference and the Rules of Conduct should be circulated again to all Panel Members.

4. Matters arising. Mr Martin-Clark commenced by referring to an email he had received from Mr Thevanesan in response to an issue he had raised at the last meeting about the archetypes. The archetypes were used for

tendering with respect to the contractors for the Decent Homes Programme. They referred to the main types of blocks, low rise, medium and high rise and related to the various types of work that may be carried to such blocks throughout the borough.

Mr Thevanesan's email (Appendix 1) explained the overall position, which is that the blocks were purely hypothetical and did not relate to buildings that could be identified with actual blocks. Mr Akinfe had stated at the meeting in February, that the archetypes were drawn up to provide specifications of typical building works for two hypothetical medium rise blocks of flats located in the Wood Green area of the borough. They were examples or models which were put together purely to provide a good mix of the types of work that could be expected across the borough. The models were not appropriate in any way to predicting either the composition of the different types of works that would be carried out to specific buildings or the likely cost to individual leaseholders.

Mr Akinfe confirmed that the information Mr Thevanesan had provided was correct. He said he felt Mr Martin-Clark had attached far too much importance to the archetypes. They were simply hypothetical blocks which had been used in the tendering process. All the information had been made available to the public as part of the consultation process with respect to the application to the Leasehold Valuation Tribunal, which had concluded at the end of April. However, he said, if anyone was still interested in seeing the relevant documents, he would be very happy to arrange appointments for them to do so.

Mr Martin-Clark said it appeared to him that some officers felt there was information that should be kept from leaseholders and this was incompatible with the principles of partnering. He said two officers, Catherine O'Reilly and Pauline Hinds, had both on separate occasions said that two actual blocks were used in drawing up the schedule of rates which was, at least prima facie, a document of capital importance to leaseholders. On both occasions leaseholders had subsequently been told that these officers had made 'a mistake'. He asked Mr Akinfe if there was an explanation of how these officers had made that 'mistake' and whether leaseholders could be told which actual blocks they had apparently mistakenly thought were relevant. Mr Akinfe replied that all the information was in the public domain.

Mr Martin-Clark then took the Chair. Ms Brown proposed that Mr Graham should give a talk to the Panel to give an alternative view on the issues involved in partnering. Mr Martin-Clark put it to the meeting that Mr

Graham could give a short talk under any other business and this was agreed.

5. Review of the new Resident Involvement Agreement "Your Voice Counts"

- **Sarah Davies, Senior Resident Involvement Officer.** Ms Davies presented a report on this matter to the Panel (Appendix 2). She explained that the Resident Involvement Agreement (often referred to as the *Compact*) had been agreed after extensive discussion between Homes for Haringey and all its residents (a meeting of the Leasehold Panel had received a report from her and discussed the subject at its meeting in August 2006). The full Resident Involvement Agreement itself was available on Homes for Haringey's website and copies were also available on request. A summary had been sent to all resident in February.

She explained that the scheduled annual review of the agreement was now being carried out to see if there were any issues that had arisen which required amendments. Since the agreement had only been published in March, it was not anticipated that there would be any major issues, hence it was being referred to as a "mini-review". So far a few relatively minor additions had been proposed, as indicated in the paper she had provided to the Panel. She then went through her paper drawing attention to the main points.

Ms Brown questioned the use of the word 'we' and said that it was rather confusing since there were three partners to the agreement. Ms Davies responded that the document was certainly a three way agreement, produced by Homes for Haringey with residents and Haringey Council. However throughout the agreement 'we' refers to Homes for Haringey, unless otherwise stated. The use of the term 'we' was adopted following a recommendation from the Plain English Campaign, who Crystal Marked and approved the document awarding it an easy read status. Ms Brown suggested that it would be better if the proposed amendments were referenced to the appropriate chapters in the Resident Involvement Agreement. Ms Davies said that some of the amendments, such as name changes related to a number of chapters. However the majority of the changes (regarding the Main targets) related to chapter 8, *Reviewing and monitoring the resident involvement agreement*.

Ms Davies noted the comments made by some Panel Members regarding the absence of page numbers throughout the document. However, it had been previously agreed by residents that page numbers would not be used, to enable chapters to be updated and inserted at a later date. This would also help to keep updating costs to a minimum, as page numbers would

regularly fall out of sync and the whole document would need to be re-printed.

Ms Davies said that her phone number and email address for queries or comments were given at the end of her paper. She indicated that she would be very happy to attend a future meeting of the Panel if it was felt there were any major issues that needed to be addressed. Since there were no further questions, Mr Martin-Clark thanked her for her the information she had provided and she left the meeting.

6. Report on matters discussed at partnering workshops regarding Decent Homes Programme. Ola Akinfe, Head of Asset Management. Mr Akinfe presented a paper entitled *What is Partnering? Overview of the Partnering Process.* (Appendix 3). He commenced by saying that partnering is the policy which most ALMOs have adopted in relation to the Decent Homes Programme. It has been widely accepted as the main way of undertaking large programmes since 1996. The principles underlying the use of partnering have been expounded in a number of government reports. The Government was committed to this methodology, since competitive tendering was apt to be administratively expensive in relation to the commissioning of large programmes of work.

Mr Akinfe continued by explaining that some of the information contained in his report to the Panel derived from workshops which had been conducted with the involvement of stakeholder representatives having an interest in the programme. Ms Brown said that she did not feel that leaseholders had been adequately represented at the workshops. She also considered that more details should be forthcoming as to what had been discussed in them.

Mr Akinfe explained that the process of preparation and discussion was still very much ongoing. Subgroups would be formed with resident involvement, which would feed into the Strategic Core Group. It was expected that the Core Group itself would have a leaseholder representative together with some tenant representatives. Since the Core Group has considerable responsibility for the overall direction of the work and relations with the constructor partners, it meant that resident involvement would play a major role in driving the programme. A question was raised with respect to the information currently available about the programme. Mr Akinfe responded that at present very few details had been finalised, but it was expected that more information would be available in the late autumn.

Ms Brown expressed the view that some meetings of workshops and subgroups should be held in the evenings so that leaseholders who worked during the day could attend. Mr Akinfe replied that meetings which required a number of officers in attendance could not generally be held out of hours. He said that up to 16 officers could be present. Furthermore it was not feasible to attempt to cover the business discussed during an all-day workshop in an evening. It would take at least two or three evenings to cover the same ground and this would be virtually impossible to organise, so that everyone could attend each session. One of the main reasons for setting up the panels was to provide out of hours opportunities for residents to discuss the issues they were concerned about. Indeed the present discussion was largely in response to a request from some leaseholders to discuss the subject of partnering.

Mr Laheen pointed out that the four pilot schemes that were scheduled to commence in the near future would not affect any leaseholders. A Panel Member suggested that the process of signing works off at completion should take place in the evening when residents who worked could be present. However Mr Akinfe said it would be difficult to get the contractors and other staff responsible for such matters to wait for a couple of hours to meet people in the evening. For most residents if they wished to raise important matters with contractors it would be very much in their interests if they took a couple of hours off work to attend the occasional meeting (about signing off, etc) to put forward their point of view. Resident Liaison Officers would also be available to deal with any queries or complaints on the phone. Since there were no further questions Mr Martin-Clark thanked Mr Akinfe for the information he had provided and he then left the meeting.

7. Recognising Resident Involvement – how can Homes for Haringey recognise residents' contribution to the Panels? The Panel decided to defer discussion of this matter to a later date.

8. Any other business. Mr Martin-Clark then called on Mr Graham to give a talk on partnering. He gave a short talk and circulated some notes he had prepared on the subject (Appendix 4).

9. Conclusion. Following the end of Mr Graham's talk, Mr Martin-Clark thanked him for the information he had provided and concluded the meeting, there being no other business.

1 October 2007

Appendix 1: Email from Home Ownership Team Manager to the Nick Martin-Clark, HLA

Sent by email.

From: Nesan Thevanesan
Sent: 17 August 2007 12:42
To: Nick Martin-Clark
Subject: Wood Green archetypes

Dear Nick

Leasehold Panel meeting 30 July – issue of archetypes.

I write regarding the question of the archetypes which you raised at the last Panel meeting (July 30).

As you pointed out, Pauline Hinds suggested when she spoke in June that the archetypes related to actual blocks in the Wood Green area. You of course then requested details and Pauline agreed to look into the matter. Obviously Bruce didn't record any of this in the last minutes and he will rectify the omission in these minutes. I agreed to ascertain the correct position, which I have now done. It is that Pauline made a mistake – this is understandable since she had no involvement in the procurement process. Currently she is a Project Manager. Her new role as Strategic Client Representative will also be of an operational nature, so her current and future responsibilities have no involvement in procurement matters as such.

Anyway the overall position is that the blocks were purely hypothetical and did not relate to buildings that could be identified with actual blocks. As stated previously, the archetypes were drawn up to provide specifications of typical building works for two hypothetical medium rise blocks of flats located in the Wood Green area of the borough. They were examples or models which were put together purely to provide a good mix of the types of work that could be expected across the borough. The models were not appropriate in any way to predicting either the type of works that would be carried out to specific buildings or the likely cost of such work as it would relate to individual leaseholders. Hence to release details would be very misleading.

I fully accept that people feel concerned about the possible costs, but there is no evidence whatsoever that the archetypes contain anything relevant on this matter, indeed quite the reverse. I think that no useful purpose can be served by any further discussion or correspondence on this subject.

Regards
Nesan



Appendix 2: Report - Resident Involvement Agreement Review

Report Title	Resident Involvement Agreement Review
Reporting Officer, Team, Role and Contact Details	Sarah Davies – Senior Resident Involvement Officer 020 8489 4475
Executive Director	Sorrel Brookes
Meeting Description	Panel meetings
Meeting Date	September / October 2007
Agenda Item	
Status of Report	

1. Summary and Recommendations

The resident involvement agreement – ‘Your Voice Counts’- was formally launched in March 2007. Even though the agreement was launched a few months ago all partners (Residents, Homes for Haringey and Haringey Council) agreed that it would be a working document that would be reviewed and updated regularly.

The agreement states that Homes for Haringey will review the document every year and feedback the findings to residents. At this early stage the main principles and standards included in the document will remain unchanged. A mini review of the agreement will be completed during 2007/08.

The panel is asked to consider the proposed changes detailed below in section 2.

2. Background

The new agreement is still being embedded across the organisation. The Resident Involvement Team is currently delivering an ongoing training programme for staff which includes various aspects on the agreement and is tailored to individual and team roles.

The agreement has been widely publicised to residents, and will continue to be promoted through all Homes for Haringey panel meetings, residents' associations and Homes Zone.

The agreement has received positive feedback from all partners. However, resident involvement practices regularly evolve to meet residents' needs and the following changes have been identified by residents and staff.

- All references to the Procurement Panel will be deleted as this sub-group will shortly be merged with the Asset Management sub-group. This new group will be called the Asset Management Panel and will be identified as such in the agreement.
- References to Elderly & Special Needs Panel will be replaced by the Supported Housing Panel (name changed).
- Best Value - every year Haringey Council will send you a copy of a best value performance plan
- Insert Performance information is also included in the Homes for Haringey annual report.
- Insert proposed section on residents involved in business planning

Monitoring

The following amendments (highlighted red) will be added to show how key areas of resident involvement will be monitored.

New clearer and SMARTER targets have been proposed and targets have been set where appropriate.

Main targets	How we will measure them
To process recognition and funding applications from residents' associations within 21 days	Quarterly monitoring by the resident involvement team
To consult with under-represented groups Proposed change To contact 70% of community groups quarterly	Quarterly monitoring by the resident involvement team
For residents' associations and groups to receive advice, support and an information Proposed change To contact 70% of recognised residents' associations To contact 70% of new leads at least quarterly For 70% of involved residents to be satisfied with support received from the resident involvement team and tenancy management	Quarterly performance monitoring A report annually on the results of new leads and residents' associations

Main targets	How we will measure them
<p>officers</p> <p>To respond to 90% of new leads within 10 days of initial contact being notified to the resident involvement team</p>	
<p>For the number of individual residents consulted to increase</p> <p>Proposed change</p> <p>To increase the numbers of:</p> <p>Residents attending central panels/ groups</p> <p>Residents' associations</p> <p>Residents' association committee members</p> <p>Those attending estate inspections</p> <p>Those taking part in estate monitoring</p> <p>Advocates</p>	<p>Monitoring the database each year</p> <p>Quarterly performance monitoring</p>
<p>For resources devoted to involving residents to provide value for money</p>	<p>Annual participants questionnaire</p>
<p>To produce a yearly training plan that residents have agreed</p> <p>Proposed changes</p> <p>For 70% of all new residents' associations to receive training within six months of inaugural AGM (if required)</p> <p>For 70% of all attendees to be satisfied with learning outcomes of training courses</p> <p>For 70% of all attendees to report increased confidence on a particular subject matter after a training course</p>	<p>We will publish and promote the yearly training plan to residents.</p> <p>Number of residents taking part in courses and conferences</p> <p>Number of joint staff and resident training sessions</p> <p>Feedback on whether residents were satisfied with the training and</p>

Main targets	How we will measure them
For 70% of attendees to say they would recommend the training course to a friend	conferences they took part in
<p>Delete To provide information in plain language and in formats that suit the needs of customers Proposed change</p> <p>The number of requests for written material to be provided in a different language and an alternative format</p> <p>Record the number of requests for an interpreter</p>	<p>Number of requests for different formats and the percentage of requests that we have met within 3,5 and 7 days</p> <p>The number of requests for an interpreter and the percentage of requests that we have met within 3,5 and 7 days</p>
<p>Delete</p> <p>To make sure all our meetings and events are as accessible as possible, and consider the needs of all residents when planning these activities</p>	A yearly review of residents who take part in our activities
To invite people to meetings at least 10 days before the meetings take place	We monitor the number of times that we provide agendas, minutes, papers and reports on time and when they are late.
To put the standards in this agreement in place consistently and fairly across the organisation	<p>Number and type of complaints we receive about the agreement or about involving residents in general</p> <p>Monitor the results of questionnaires and surveys</p>

Changing the agreement

Delete - If the chair of the service delivery committee and the executive member for housing feel that the change needs to be

discussed in more details, we will wait until we next review the agreement.

If the chair of the Board and the Cabinet Member for Housing Services feel that the change needs to be discussed in more details, we will wait until we next review the agreement. Changes will be referred to the full Board or the Councils Executive and Full Council as necessary.

3. Updating

The agreement will be updated on line and all amendments will be sent to panel members and residents who signed up and specifically requested to receive all future amendments.

A summary of the changes will be published in Homes Zone to reduce the overall cost of publicising the updates. To save costs this year's changes will be photocopied and circulated with notes on how to update the previous edition.

4. Resident Involvement

All partners can put forward suggestions to change the agreement and these will be reviewed by the Tenant Participation Panel.

All changes to the agreement will be agreed by the Tenant Participation Panel, the chair of the Homes for Haringey Board and the Lead Member for Housing.

Please send your comments on the review and suggestions to Sarah Davies in the Resident Involvement Team, 13-27 Station Road, Wood Green, London, N22 6UW. Tel: 020 8489 4475 email: [**sarah.davies@homesforharingey.org**](mailto:sarah.davies@homesforharingey.org)

APPENDIX 3 :



Homes for Haringey

**Leasehold Panel Meeting
10th September 2007**

**WHAT IS PARTNERING ?
OVERVIEW OF THE PARTNERING
PROCESS**

**WHAT IS PARTNERING
STRENGTHS & WEAKNESSES
PARTNERING IN PRACTICE
ACTION PLAN**

WHAT IS PARTNERING – OVERVIEW OF THE PARTNERING PROCESS

What is Partnering?

'Partnering' is a move away from traditional tendering practices where we have always awarded on lowest price with no emphasis on quality.

The Partnering process allows us to elect the Contractors that can deliver the required quality for the right price and focuses on all the parties working together.

The Partnering process as we know it in the Housing Sector developed from a report called 'Rethinking Construction' that was published, with the full backing of Central Government in 1996. This report defines Partnering as follows:

"Partnering involves two or more organisations working together to improve performance through agreeing mutual objectives, devising a way for resolving any disputes and committing themselves to continuous improvement, measuring progress and sharing the gains."

Sir John Egan (taken from the Report: 'Rethinking Construction')

Partnering Process:

The following table highlights the three stages of the development of a Partnering process.

Benefits of Partnering Approach

- Relationship Management – better working relationships
- Organisational Practices – potential removal of duplicitous roles
- Reduced Maintenance Costs – through increased quality
- Incentivisation – ability to incentivise rather than penalise
- Bulk Purchasing – savings through volume supply
- Integration – joint front end of service
- Improved **Customer** Input – putting customers at the 'top table'

The model that Homes for Haringey have selected to select the four Contractors (Apollo, Lovell, Mulalley & Wates) follows the principles laid

out above and over the coming months we will be working together to further define the delivery model with all parties working closely together.

Strengths and Weaknesses

The delegates considered the strengths and weaknesses in relation to the approach to Partnering.

In all 5 strengths and 11 weaknesses were captured and are highlighted in the following table:

	STRENGTHS	WEAKNESSES
	1. Tenants working well together	1. Track record on delivery
	2. Residents being given access at this level	2. Lack of awareness of all customers' aspirations
	3. Potential to incentivising	3. Relationships with Haringey Council/ Homes for Haringey
	4. Learning curve for residents	4. Complacency
	5. Improved morale	5. No joined up approach to residents from staff
		6. Too much paperwork to residents on panels
		7. Lack of accurate communication
		8. Concerned that won't be able to raise the bar
		9. Senior management working to own agenda
		10. Don't listen act on what they here
		11. Lack of ownership

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Partnering In Practice – HFH

Internal Drivers

- Residents 'Right to Repair' – statutory obligations
- Tenancy Agreement – contractual obligations
- Residents aspirations
- Decent Homes
- ALMO obligations to Council
- Asset Management Strategy – *informed* by Stock Condition Survey
- SAP/NHER Ratings
- Choice – balancing '**choice**' against business process
- Build on what works well

Homes for Haringey Model: Submissions in respect of the following issues relating to partnering: - (ITT) Commitment to Egan objectives:

- Reduced capital cost and whole life costs
- Reduced supply and construction time
- Reduced defects leading to zero defects
- Reduced accidents
- Increased predictability
- Increased productivity
- Increased Constructor turnover and profit
- Improved quality

Objectives

Within the Tendering process Contractors were asked to respond to the Partnering aspirations in a 2500 Statement against the following points:

- Improved sustainability
- Value for Money
- Any other targets identified in the KPI's
- How Contractor will partner with the Council;
- View on objectives of partnering relationships;
- Ability to comply with the terms of the Strategic Alliancing Agreement, Framework Agreement and PPC2000.

Strategic Alliance Agreement (SAA)

External Drivers

- Focus on skills of front-line delivery staff
- Efficient and effective access for reporting repairs – focus on IT
- Confirm appointment at point of reporting

- Flexible appointments built around customers needs
- Robust approach to missed calls and appointments
- Customer focus and involvement

Diversity

- Understands and responds to local Community
- Demonstrates knowledge of ethnicity, vulnerability and disability of customers
- Demonstrates a non-discriminatory approach

Decent Homes

- Consistent programme of maintenance services to meet Decent Homes Standard
- Collects accurate information on stock condition and uses it to drive programmes
- Asset management programmes automatically update SC data
- Investment programme in short, medium and long term with customers kept informed
- Delivers programmes that reflect wider needs of customers
- Can demonstrate right works being undertaken to right homes at the right time!

Value For Money

- Demonstrates good practice in procurement through Partnering approach
- Utilises other initiatives such as supply chain partnering, purchasing Consortia
- Able to demonstrate benchmarking of costs/service levels with others
- Has robust Key Performance Indicators that drive the service
- Optimum balance between responsive/planned repairs
- Robust audit and inspection process in place

Summary – What does a 3-Star Service look like?

- Resident Involvement
- Communication
- Focus on front-end delivery
- Flexible/Robust – dichotomy
- Effective and Efficient
- Benchmarking
- Evidence of performance!!!

Partnership Development Action Plan

The Group brainstormed the headline actions needed to ensure that the necessary tasks are undertaken to ensure the Partnership develops.

In all, 18 suggestions were captured. The following tables summarise the outcomes of the exercise.

- 1 Customer involvement in design
- 2 Customer involvement at ground level on site
- 3 Customers at every meeting possible
- 4 Communication – robust – develop communications strategy
- 5 Properties left as found when finished (e.g. paint)
- 6 Customers and officers to work closely together and joint training
- 7 Make sure all directorates/ stakeholders (including Finance) on board
- 8 Ensure all equipment/materials are in place prior to work commencing
- 9 Central resource for data exchange
- 10 Site offices on estates with customer drop ins
- 11 Continuation of Residents involvement
- 12 Commit to all customers, what and when
- 13 Contractor to take more responsibility for work and pro active
- 14 Make sure all partners communicate effectively
- 15 Define Haringey standard – enable customers to see additional benefits
- 16 Contractors/workforce ability to communicate with customers effectively
- 17 Specific escalation protocols for communications (language)
- 18 All paperwork 3-5 days and a 1 page executive summary

APPENDIX 4: PARTNERING

value for money for all tenants

- leaseholders get bills that reveal poor value for all tenants
 - leaseholders adopt the mindset of house owners and compare their bills with them
 - local builders have low overheads whilst the massive contracts of their aspiring landlords need to be advertised on OJEU.
 - *There is great deal of mistrust of the landlords, and people want independent advice because they are not necessarily convinced that the landlords will act in their interest. Indeed, the landlords are not acting in their interests, because they have a fiduciary duty to act in their OWN interests."*
- Karen Bucklett for Residents' Part, and Kensington North speaking in the House of Commons

1

tendering traditionally

- commercial confidentiality maintained i.e.
- expected level of pricing kept secret
- identity of those tendering kept secret
- prices from each tender kept secret
- order of running kept secret
- new competitors lobby design professionals to be added to tender lists
- codes of professional conduct and integrity ensure against favouritism as it would threaten professionals own competitive status with clients
- International contractors want in to Britain's lucrative markets
- projects worth more than £3,611,319 to be advertised in OJEU

3

what is partnering? – founding myth

- *"Partnering" is a move away from traditional tendering practices where we have always awarded on lowest price with no emphasis on quality. The Partnering process allows us to elect the Contractors that can deliver the required quality for the right price and focuses on all the parties working together."*
- *Haringey Workshop report on Partnering*
- ? Untrue! In private commerce the decision to go out to tender triggers an arduous selection process to ensure that those invited to tender only includes contractors:
 - Whose track record for all aspects including quality is known
 - Who are well suited to doing the work
 - Who intend to submit tenders
- Any of whom the design team would be happy to see get the job assured at the outset that all those tendering can produce the quality, the tendering concentrates upon price and programme.

2

tendering for partnerships

- appropriate contractors can be directed to OJEU advert but may not be able to afford the tendering process
- appropriate contractors may not have the resources to cope with the volume of work
- contractors with a track record of incompetence can tender and win
- tenderers all sent identical schedules of rates against which to price variants
- tenderers introduced to each other through a conference

4

healthy, & open competitive markets

- healthy markets will grow additional competitors and not become stale
- avoidance of 'price fixing'
- principles maintained by the Office of Fair Trading
- articles 80 and 81 of the treaty establishing the European Community
- avoidance of collusion

"People of the same trade seldom meet together, even for merchant and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices."

Adam Smith, *The Wealth of Nations*, 1776

5

OFT definition of a cartel

A cartel is an agreement between businesses not to compete with each other. The agreement is usually secret, verbal and often informal.

Typically, cartel members may agree on: prices, output levels, discounts, credit terms, which customers they will supply, which areas they will supply & who should win a contract (bid rigging).

Each of the above types of agreement is prohibited by the Competition Act and Article 81 of the EC Treaty. In addition, the Enterprise Act makes it a criminal offence for individuals to dishonestly take part in certain specified cartels, essentially those that involve price fixing, market sharing, limitation of production or supply or bid rigging.

6

strategic partnering agreement (SPA)

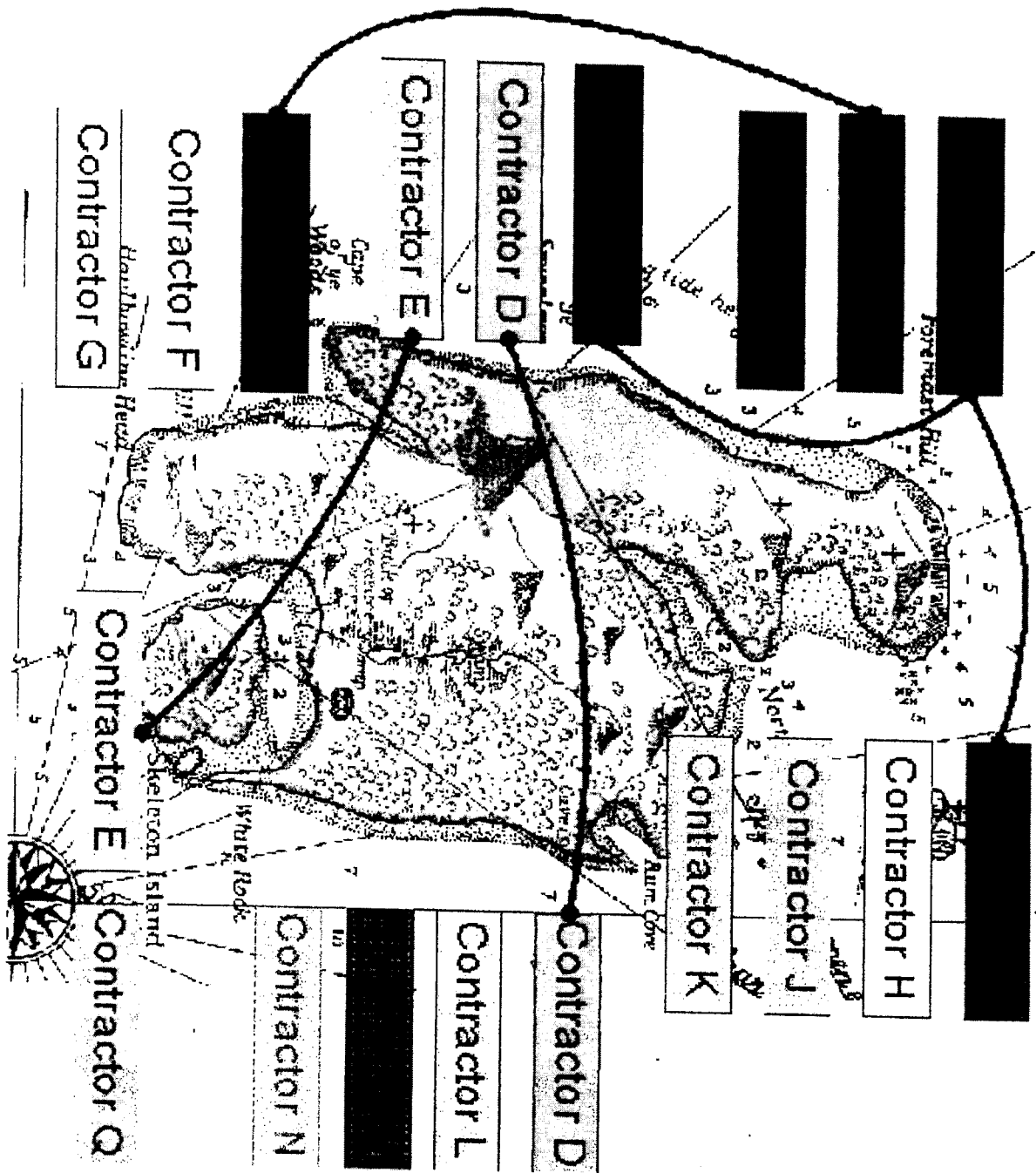
- contractors meet together on a regular basis to reveal details of their supply chains to their clients and to each other
- 'partners' then look to see if those who are less competitive in any particular respect can improve their 'performance' by adopting the same supply chain as their competitors
- because they are partners for 4 years tied into contracts with one local authority they have somehow ceased to be competitors?

7

how can an SPA not be a cartel?

- OJEU has not brought in foreign firms to work on decent homes
- a limited number of contractors for London contracts
- information on supply chains will be universally applicable
- partners are no longer competitors anywhere
- a few contractors will corner the London Market
- 17 Islington framework contractors albeit with no SPA
- 2 Islington contractors are in an SPA in Haringey
- 8 boroughs in LAFN proposed to use SPA till halted by LVT
- prices reduced only in the short term
- dominant cartel will discourage new players leading to abuse

8



Rethinking Construction – the Egan Report

The report of the Construction Task Force to the Deputy Prime Minister, John Prescott, on the scope for improving then quality and efficiency of UK construction

Often gets a mention but has little of substance

"We have repeatedly heard the claim that construction is different from manufacturing because every product is unique. We do not agree. Not only are many buildings, such as houses, essentially repeat products which can be continually improved but, more importantly, the process of construction is itself repeated in its essentials from project to project. Indeed, research suggests that up to 80% of inputs into buildings are repeated. Much repair and maintenance work also uses a repeat process. The parallel is not with building cars on the production line; it is with designing and planning the production of a new car model."

"Rethinking Construction" 1998 with a foreword by Sir John Egan

Sir John Egan graduated in petroleum engineering, working for Shell 1962-66. studied Business studies 1966-68, general manager of AC Delco UK replacement parts operation, part of General Motors, worked for British Leyland 1971-76 becoming Director of BL Parts and Service, Marketing Director of Massey Ferguson's Construction and Machinery Division and then Corporate Parts Director, Chairman of Jaguar Cars 1980-85, a director of BAA 1990-99.

If he ever designed cars he has not seen fit to include this in his CV. We are left to wonder whether had he had any experience of designing buildings he too would not be repeatedly claiming that construction is different from manufacturing and that every architect for the last ten thousand years has aspired to utilise further benefit from prefabrication and repeat processes only to find that mere practicalities militate against this.