

Item No. 7.	Classification: Open	Date: 9 September 2020	Meeting Name: Audit, Governance and Standards Committee
Report title:		Report on retrospective contract-related decision: Affordable Housing Monitoring Service	
Ward(s) or groups affected:		All	
From:		Director of Planning	

RECOMMENDATIONS

1. That the audit, governance and standards committee note the retrospective contract decision detailed in the report.
2. That the audit, governance and standards committee note the actions taken by the Director of Planning as set out in paragraphs 14 and 15 to ensure that the risk of future retrospective contract decisions is minimised for the future.
3. That the audit, governance and standards committee consider whether it would wish to make recommendations to help improve future decision-making.

BACKGROUND INFORMATION

4. Where an approval to a contract decision has been sought retrospectively and has an estimated value of more than £100,000, there is a requirement under contract standing order 6.7 to submit a report to the audit, governance and standards committee. The report should set out the circumstances and manner in which the decision was taken, for the purpose of obtaining guidance to inform future decision making.
5. This requirement applies to decisions relating to the approval of a procurement strategy (Gateway 1 or GW1), decisions relating to the approval of a contract award (Gateway 2 or GW2) and decisions relating to the approval of a variation or extension to a contract (Gateway 3 or GW3) decisions.
6. Retrospective approval of the procurement process was sought through a Gateway 1/2 report. The Planning Division is less often involved in procurement processes than other parts of the Council and steps in the process were missed. This is being addressed through training.
7. On 25 August the Strategic Director of Finance and Governance approved a procurement strategy in respect of services to develop an affordable housing monitoring system through a Gateway 1/2 report. The approval of the procurement strategy and award were retrospective decisions.

KEY ISSUES FOR CONSIDERATION

8. As the Gateway report notes, local authorities all have incomplete data on how many affordable homes exist in their locality.

- We cannot identify a home in the real world without knowing its address
 - At the point that a home is secured from a developer in the planning process, addresses do not exist
 - This means we cannot easily confirm whether a developer has met their obligations to provide affordable homes.
9. This is a significant problem for many local authorities but particularly for Southwark which is seeking to deliver large numbers of affordable homes through s.106 agreements to meet housing need.
 10. The Planning Division has been developing a digital strategy and is now a leader in the field of digital planning services. This was identified as an important area to explore how digital services could be used. A project brief was developed and it was placed on the Crown Services Digital Market Place. However, at this stage the funding for the project had not been confirmed.
 11. Although not covered by the appropriate Gateway reports, a robust procurement process was followed using this framework with 2932 suppliers of all sizes. There were 23 responses and five were interviewed before the final selection. The 23 responses were sifted to identify suppliers that best met the requirements and these progressed to the evaluation at interview. The sift criteria were:
 - when the supplier can start work
 - nice-to-have skills and experience
 - day rate (specialists only)
 - proof of skills and experience.
 12. Those who could not start on time, came in over budget, had no experience of the planning context and those who were trying to resell their or another's proprietary product were sifted out.
 13. The final selection was made by a panel which included the Council's Digital Change and Innovation Manager and the project officer from the Planning Division. Following award of the project to the successful bidder, it was put on hold as it was recognised that funding had not been identified. After an 11 month delay during which the need to upgrade the council's systems for monitoring affordable housing became even more apparent, the project was initiated.
 14. The lessons learned from this are that there were several factors leading to the council's correct procurement procedures not being followed. The Planning Division has less involvement with procurement than other units of the council and has less expertise in this area. There was also a long delay between initiating and completing the procurement leading to a lack of continuity in the oversight of the project. Before awarding the contract, a review of the process up to that point should have picked up the defects in the Council's Gateway reporting process.
 15. The Director of Planning is taking action to address this by ensuring that procurement of digital services is only carried out in consultation with the Procurement Team and the Legal Contracts team. There will also be a programme of training for managers in the Planning Division carried out over the next 6 months.

Summary

16. Officers in the legal and procurement sections have discussed and agreed the conclusions set out above and it has been considered by the Corporate Contracts Review Board.

Policy implications

17. There are no policy implications arising from this report.

Community impact statement

18. This report is not considered to contain proposals that would have a significant impact on any particular community or group.

Resource implications

19. There are no direct resource implications in this report.

Consultation

20. There has been no consultation on this report.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Constitution – Contract Standing Orders February 2020	Constitutional Team, Tooley Street, Second Floor	Constitutional Team 020 7525 7055

APPENDICES

No.	Title
None	

AUDIT TRAIL

Lead Officer	Simon Bevan – Director of Planning	
Report Author	Simon Bevan – Director of Planning	
Version	Final	
Dated	17 August 2020	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Corporate Contract Review Board	Yes	Yes
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
Cabinet Member	No	No
Date final report sent to Constitutional Team		28 August 2020