



**Havering**  
LONDON BOROUGH

## Notice of Non-key Executive Decision

<b>Subject Heading:</b>	Direct Award and Procurement Waiver of outsource contract for the validation of planning applications (PAVS)
<b>Cabinet Member:</b>	Councillor Joshua Chapman
<b>SLT Lead:</b>	Caroline Bruce, Director of Neighbourhoods
<b>Report Author and contact details:</b>	Gary Rice, t 01708 433713 <a href="mailto:gary.rice@havering.gov.uk">gary.rice@havering.gov.uk</a>
<b>Policy context:</b>	Part of the recommended changes arising from the Planning Service Review
<b>Financial summary:</b>	Estimated costs of £0.119m funded by increase in fee income of £0.087m and budget set aside of £0.032m (A44510.651780); costs and income are to be monitored monthly.
<b>Relevant OSC:</b>	Towns and Communities
<b>Is this decision exempt from being called-in?</b>	No

**The subject matter of this report deals with the following Council Objectives**

<del>Communities making Havering</del>	<input type="checkbox"/>
Places making Havering	<input checked="" type="checkbox"/>
Opportunities making Havering	<input type="checkbox"/>
Connections making Havering	<input type="checkbox"/>

## **Part A – Report seeking decision**

### **DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION**

This decision authorises the transfer of part of the planning application validation service (PAVS) to an external service provider, TerraQuest by direct contract award and a waiver of the procurement rules.

### **AUTHORITY UNDER WHICH DECISION IS MADE**

Individual Cabinet member: as set out in Part 3, section 2.2 and 2.5 of the Constitution approving an exception for specialist services/supplies under Rule 14.6.2 of the Contract Procedure Rules.

### **STATEMENT OF THE REASONS FOR THE DECISION**

The initial view to outsource the application registration, validation and allocation functions was reached by the Planning Team after an internal review of the validation process and follows reviews undertaken in 2017 and key recommendations made by the Planning Advisory Service (PAS) in its review of the Planning Service undertaken in March and May 2018. Three specific streams of work were commissioned to improve the service, which is essential to help deliver the Council's place making vision. Two of these three streams have been completed, which are changes to governance and the restructure of the service (with recruitment now in progress). The outsourcing of the PAVS is the final stream of work required to fully implement the recommendations that flowed from the PAS review.

The registration, validation, allocation and notification process has been consistently identified as the most significant delay in the planning application process. The internal process is complex, carried out by three groups – contact centre, business support unit and by planning officers. Delays of two weeks or longer are not unusual whereas a typical turnover time should be 3-5 working days to meet Government targets. The fragmented nature of the registration and validation process results in delays due to the multiple handling of applications across various work streams making it difficult to manage effectively. The various streams and work elements do not comprise a significant area of work in regard to any specific role; however, the validation function is key to efficient and effective assessments of planning applications and taking timely decisions. Some application types that are not available via the Planning Portal, eg Prior Approvals for large householder extensions, will remain in-house until these largely paper based forms become available online in future.

The Planning Portal was established by Government in 2002 and the Ministry of Housing, Communities and Local Government (MHCLG) is the regulatory body. MHCLG entered into a joint venture (since 2015) with TerraQuest, who own and operate the Planning Portal as well as the online payment system used for all

Planning Portal applications.

As set out below, approximately 65% of the planning applications received annually by the local authority are submitted via the Planning Portal, which is the only available conduit for electronic applications and their associated fees. There is no other online based planning application submission service available. This means that TerraQuest is uniquely placed as the sole service provider for an integrated online submission, payment and validation service.

This presents significant advantages to the local authority for streamlining and promoting online application registration and validation process.

By outsourcing the registration, validation, allocation and notification processes to TerraQuest, the service will significantly minimise delays and avoid multiple handling in processing applications by establishing a 3 working day turnaround (a key performance indicator and Government target) from receipt to allocation to a case officer. Some administrative functions will remain within the service such as processing cheque payments (falling outside of the Planning Portal system), additional consultation notifications (after validation), and miscellaneous application enquiries. There remains an ongoing administrative function to receive, scan and forward paper based applications and enquiries in regard to registration and validation, which supports those communities and individuals with limited or no access to internet based services.

As the described Planning Portal services can only be supplied by TerraQuest who hold the exclusive rights, including intellectual property rights; the direct award and waiver are justified in this specific instance. The estimated contract value is £0.119m based on the following assumptions about application types and volumes.

The actual number of valid planning applications received in FY2016/17 = 2,378; 2017/18 = 2,569; and 2018/19 = 2,294 (a slightly downward trend), assuming an estimated 2,014 applications in 2019/20 with the percentage split of portal / paper applications = 65% portal / 35% paper\*:

Estimated total portal applications for 2019/20 = 1309 (of which 26 are assumed as majors)

Estimated total paper applications for 2019/20 = 705 (of which 14 are assumed as majors)

*\*The service scope of the contract includes a provision for review and an aim to increase the volume of application submission via the Planning Portal. For example, a 75/25 split could result in a cost reduction of c£0.004m annually.*

The service sought and received a specialist/sole source Financial Thresholds Exception from the Strategic Procurement Unit, ref FTE106574605 for a 12 month award in accordance with the EU Procurement Directive (2014/24/EU) as included in the Public Contracts Regulations 2015.

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**OTHER OPTIONS CONSIDERED AND REJECTED**

The Planning Team have made previous attempts to rework this part of the process in house, which have been unsuccessful in yielding sustainable improvements in turnaround and application processing time. Retaining what is a fragmented validation service with overly complicated processes in house would not produce the required time savings and improvements to enhance application processing and assessment.

The direct award of a 12 month contract to TerraQuest allows the service a period of time (6 months) to monitor the value of benefits delivered, review performance against Government targets and agreed Service Level Agreement with the provider, and make any adjustments to contract requirements prior to undertaking procurement to secure a longer contract term. This approach will ensure that the Council's interests (from a service provision perspective) are protected. In the unlikely event that the benefits and performance are found to fall below expectations and/or targets and no further contract is awarded, the service would resume the in-house validation service.

**PRE-DECISION CONSULTATION**

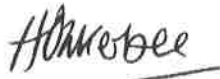
Not applicable.

**NAME AND JOB TITLE OF STAFF MEMBER ADVISING THE DECISION-MAKER**

Name: Helen Oakerbee

Designation: Assistant Director of Planning

Signature:



Date: 27 June 2019

## Part B - Assessment of implications and risks

### LEGAL IMPLICATIONS AND RISKS

1. The decision is to outsource the Council's planning application validation services by making a direct award to TerraQuest, the service is currently been undertaken in house. Legal has been advised that the period of the contract will be 12 months, and the estimated budget for this service is below the Public Contract Regulation 2015 ('Regulations') value of £181,302 therefore the procurement under the Regulations is not applicable, however the EU principles of equality and transparency are applicable to below threshold contracts and must be observed.
2. A direct award may be made under Part 4 of the constitution, under section 14.4 of the Rules of Procedure; the department is relying on section 14.6.2 '**Specialist Services- available only from one supplier in the European Union**'. The justifications for the relying on this ground are set out in the body of the report.
3. The scope for extension of the 12 month period is limited as the budget is very close to the contract threshold of £181,302 and if the contract were to exceed this amount the Council would be in breach of the Regulations. The report states that if the outsourcing is successful in complying with the targets, they intend to undertake another procurement process for a longer period and will rely on the applicable section in the Regulations.
4. The transfer of undertaking protection of employment regulations ('TUPE') apply where a service provision changes from one contractor to a new contractor or where an in-house provision is outsourced in whole or in part to an external provider. The department will have to explore with HR whether the activities being transferred are fundamentally the same as the activities carried out by the current in house service, only employees assigned to the undertaking other than on a temporary basis will transfer.
5. The decision maker needs to be satisfied with the content of the report and whether the requirements of the waiver have been met before they proceed with the decision.

### FINANCIAL IMPLICATIONS AND RISKS

Outsourcing the Planning Application Validation Service (PAVS) is anticipated to cost an estimated £0.119m based on a charge per application. Outsourcing will enable planning staff who currently provide the PAVS to redirect capacity towards other work priorities, such as the promotion and progress of the improved pre-application service offer.

The estimated cost of £0.119m will be funded by utilising the set aside budget of £0.032m in FY2019/20 (A44510.651780), alongside the anticipated income of £0.087m generated through the per application fee for an improved pre-application service. Costs and the proposed pre-application fee income will be monitored

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monthly, aiming to reduce reliance on paper-based applications (e.g. increased customer use of electronic applications and fee payments), streamlined processing, reduced overheads such as postage and printing, and increased capacity of existing resources and workloads.

There are no anticipated budget savings to be achieved in regard to staffing, as any resource capacity will be required to support the implementation and ongoing administration associated with the Havering Community Infrastructure Levy, which is anticipated to come into effect in September 2019.

### **HUMAN RESOURCES IMPLICATIONS AND RISKS (AND ACCOMMODATION IMPLICATIONS WHERE RELEVANT)**

There are no TUPE or other human resources implications arising from the recommendation in this report because the outsourcing of these specific processes does not result in substantive changes to the existing administrative and technical officer roles; however, this will be kept under review.

### **EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS**

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

- (i) The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) Foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are: age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

This Executive Decision is primarily related to the outsourcing of administrative and technical processes and functions. There are no specific equalities implications for people, including those with protected characteristics. An EA is therefore not necessary in this instance.

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**BACKGROUND PAPERS**

None.



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**Part C – Record of decision**

I have made this executive decision in accordance with authority delegated to me by the Leader of the Council and in compliance with the requirements of the Constitution.

**Decision**

Proposal agreed

*Delete as applicable*

Proposal NOT agreed because

**Details of decision maker**

Cllr J Chapman

Signed

Joshua Chapman.

Name: Councillor Joshua Chapman

Cabinet Portfolio held: Housing and Planning

Date:

**Lodging this notice**

The signed decision notice must be delivered to the proper officer, Debra Marlow, Principal Democratic Services Officer in Democratic Services, in the Town Hall.

**For use by Committee Administration**

This notice was lodged with me on 28/6/12

Signed A-m

