



Havering

LONDON BOROUGH

This Report is part exempt and Appendices A and B are not available for public inspection as they contain or relate to exempt information within the meaning of paragraph 3 of Schedule 12A to the Local Government Act 1972. They are exempt because they refer to Information relating to the financial or business affairs of any particular person (including the authority holding that information), and the public interest in maintaining the exemption outweighs the public interest in disclosing the information

CABINET

Subject Heading:

Award of a contract for Project Delivery (Statement of Works) Managed Consultancy Service

Cabinet Member:

Cllr Ray Morgon
Leader of the Council

ELT Lead:

Kathy Freeman
Strategic Director Resources

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Policy context:

This is a key procurement to better manage consultancy spend across the Council, which also delivers a cost reduction against the current arrangements.

Financial summary:

Annual spend c £6m
Contract Spend £36m

Is this a Key Decision?

Yes, due to financial value

When should this matter be reviewed? April 2025

Reviewing OSC: Overview and Scrutiny Board

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

People - Supporting our residents to stay safe and well
Place - A great place to live, work and enjoy
Resources - Enabling a resident-focused and resilient Council X

SUMMARY

This report asks Cabinet to approve a contract award for the Project Delivery (Statement of Works) Managed Consultancy Service to Constellia Public Ltd via the Eastern Shires Purchasing Organisation MSTAR4 Lot 4 London Collaboration call-off.

These recommendations are made to Cabinet following and extensive exercise to evaluate the different options available to the Council for Project Delivery (Statement of Works) Managed Consultancy Services. Of all the options considered, a contract award to Constellia Public Ltd via the London Collaboration call-off from the further competition conducted under MSTAR4 framework delivers the greatest financial benefit to the Council, as set out in **Appendix A**.

RECOMMENDATIONS

For the reasons set out in this report, it is recommended that Cabinet agree:

1. To approve a contract award for the Project Delivery (Statement of Works) Managed Consultancy Service to Constellia Public Ltd (Registered Company No. 08664789) via the Eastern Shires Purchasing Organisation MSTAR4 Lot 4 London Collaboration call-off for a duration of two years with the option to extend for two further periods of two years for a total duration of six years.

REPORT DETAIL

1 Background

- 1.1 The Council is committed to reducing the use of consultants and building a stable, highly-skilled permanent workforce. Nevertheless, there will always be circumstances where the use of consultants continues to be necessary or appropriate – for example, where the council needs a specific skills set to deliver a specialist project for a defined outcome, at pace and maintaining the quality of the delivery
- 1.2 The Project Delivery (Statement of Works) Managed Consultancy Service solution is currently delivered by Matrix SCM as a contractual add on via the Councils Managed Services for Temporary Agency Resources Contract.
- 1.3 This contract is due to expire on the 26th July 2025 and in preparation for this the Council has explored various options set out in this report for renewal of the Project Delivery (Statement of Works) Managed Consultancy Service contract.

2 Procurement process and contract award

- 2.1 Officers have undertaken an extensive exercise to evaluate the different options available to the Council for managing the Consultancy spend. This has included: engaging with stakeholders from across the Council to understand their requirements; researching all viable frameworks, suppliers and delivery models; and detailed financial analysis.
- 2.2 The the following options were considered as part of the exercise:
- Awarding a Contract through Yorkshire Purchasing Organisation's Consultancy + Sole Supplier Framework to Reed Talent Solutions
 - Awarding a Contract through North East Purchasing Organisation's Sole Supplier Framework to Bloom
 - Awarding a Direct Award Call Off Contract through Lot 4 of Eastern Shires Purchasing Organisation's MSTAR4 multi supplier framework
 - Running a Further Competition under Lot 4 of Eastern Shires Purchasing Organisation's MSTAR4 multi supplier framework
 - Awarding a contract though the London Collaboration call-off from the further competition conducted under the MSTAR4 framework – this option is explained further below
 - Running an Open Tender
- 2.3 The recommendation resulting from this work is awarding a contract though the London Collaboration call-off from the further competition conducted under the MSTAR4 framework. The London Collaboration is a group of London local authorities, led by the London Borough of Havering, who ran a further competition under the Lot 4 of the MSTAR4 framework in 2023. By leveraging

their collective buying power, the authorities were able to secure a reduction to the core MSTAR4 pricing structure and a range of service improvements detailed in the bespoke London Collaboration Specification.

- 2.1 This is the first Collaborative procurement for a Contract for Project Delivery (Statement of Works) Managed Consultancy Service for London.
- 2.2 Of all the options considered, a contract award to Constellia Public Ltd via the London Collaboration call-off from the further competition conducted under the MSTAR4 framework delivers the greatest financial benefit to the Council, it also meets all the critical operations and audit requirements identified by stakeholders. Further analysis supporting this recommendation is set out in **Appendix A**, which is an exempt document on the grounds of commercial sensitivity.
- 2.3 The Procurement Process undertaken by the London Collaboration, led by the London Borough of Havering, is included in **Appendix B**, which is an exempt document on the grounds of commercial sensitivity.

3 Implementation

- 3.1 Transitioning to a new supplier and delivery model requires careful planning and change management. Although all existing projects will continue to be delivered by our incumbent supplier (Matrix SCM), the implementation will require an implementation programme that will include the introduction of a new IT system, ensuring the new system is built to work within the Councils standing orders and procurement rules, training for category managers and other officers with responsibility for buying services, the potential TUPE to existing staff employed by Matrix and the development of a detailed SLA and operational protocols with Constellia Public Ltd.
- 3.2 The initial timetable for this exercise includes time for this transition. Key council resources will need to be allocated to the project to support the transition, and should these not be available the Council may require some external subject matter resources to support the implementation to ensure timelines are met and the implementation and move to BAU state is achieved with minimum disruption.
- 3.3 All engagements via this contract will be subject to the Executive decision process and all will follow the Council's Contract Procedure Rules.
- 3.4 During implementation the Council will define its own mandatory requirements such as evaluation criteria, and enforce Social Value into each project subject to a spend threshold being agreed. This may flex on an individual project basis and will be reviewed prior to moving away from the standard approach.
- 3.5 In addition, rules will be set within the system that any engagement will be subject to a mini-competition, unless signed off by the Head of Procurement and Contract Management. This is anticipated to drive further cost avoidance of 4.49% as set out in **Appendix A**. If a direct award is required the decision will

have to be fully justified, sanctioned by the Head of Procurement and needs to comply with the Council's waiver process.

3.6 Prior to engagement the Council will set parameters to mitigate risk of delinquency or company insolvency impacting the project and / or delivery, insurance levels required based on the risk profile - this in addition to the company compliance checks carried out by Constellia Public on all suppliers.

4 Contract Management

4.1 It recommended that the responsibility for Contract management for the Project Delivery (Statement of Works) Managed Consultancy Services is provided as part of the Strategic Procurement Unit, and the post will report to the Head of Procurement and Contract Management.

4.2 The post holder will have responsibility for not only managing the contract, but to also support the wider Contract Management of the London Collaboration Contract, of which the Council are the lead borough.

REASONS AND OPTIONS

5 Reasons for the decision:

5.1 A contract award to Constellia Public Ltd via the London Collaboration call-off from the further competition conducted under MSTAR4 framework delivers the greatest financial benefit to the Council. It also meets all the critical operational and audit requirements identified by stakeholders.

6 Other options considered:

6.1 Officers have undertaken an extensive exercise to evaluate the different options available to the Council for Project Delivery (Statement of Works) Managed Consultancy Services , as detailed in paragraphs 2.2 - 2.2 above.

6.2 There are a number of options available to the council which are summarised below:

- **Option 1** Awarding a Contract through Yorkshire Purchasing Organisation's Consultancy + Sole Supplier Framework to Reed Talent Solutions.

As this is a sole supplier framework, the Council cannot secure best value and consider the wider supplier base in the market – **Not Recommended**

- **Option 2** Awarding a Contract through North East Purchasing Organisation's Sole Supplier Framework to Bloom

As this is a sole supplier framework, the Council cannot secure best value and consider the wider supplier base in the market – **Not Recommended**

- **Option 3** Awarding a Direct Award Call Off Contract through Lot 4 of Eastern Shires Purchasing Organisation's MSTAR4 multi supplier framework

Although a multi supplier Framework, a Direct Award at framework pricing would not secure best value for the council – **Not Recommended**

- **Option 4** - Awarding a contract though the London Collaboration call-off from the further competition conducted under Eastern Shires Purchasing Organisation's MSTAR4 framework

This option allows the Council to utilise a further competition completed under Lot 4 of the MSTAR4 framework that has secured best value (as detailed in **Appendix A**) by aggregating the spend of the London Collaboration - **Recommended**

- **Option 5** - Running a Further Competition under Lot 4 of Eastern Shires Purchasing Organisation's MSTAR4 multi supplier framework

Whilst this gives the Council the opportunity to secure best value by running of further competition under Lot 4 of the MSTAR4 framework, the Council would not have the financial level of the aggregated spend of the Collaboration to secure best value – **Not Recommended**

- **Option 6** - Running an Open Tender

This approach whilst allowing the Council to assess the whole market, would be highly resource intensive and would not deliver the best value that the aggregated spend of the London Collaboration has achieved – **Not Recommended**

IMPLICATIONS AND RISKS

7 Financial implications and risks:

7.1 This report is seeking approval to award a contract for the Project Delivery (Statement of Works) Managed Consultancy Service to Constellia Public Ltd via the Eastern Shires Purchasing Organisation's MSTAR4 Lot 4 London Collaboration call-off for a duration of two years with the option to extend for two further periods of two years for a total duration of six years and to support the wider London Collaboration through effective contract management.

7.2 Additional financial information is contained in **Appendix A tab 2**

Further points to note:

7.3 Although this report uses figures of £5-£6m per year as a basis for the calculations/assumptions regarding supplier rates and rebates, this report is not explicitly seeking approval for spend up to that value. Each Statement of works would be subject to its own governance processes which would include consideration as to sources and availability of funding.

7.4 Constellia Public Ltd has access to a wide range of suppliers and operates a comprehensive on-boarding process for the supply chain. The Council are able to request suppliers to be registered with Constellia Public Ltd, who will carry out the required company checks and on-board should they pass.

8 Legal implications and risks:

8.1 The Council has a general power of competence under section 1 of Part 1, Chapter 1 of the Localism Act 2011, which gives it the power to act as an individual would, subject to other statutory provisions limiting or restricting its use of such power.

8.2 This report asks Cabinet to approve a contract award for the provision of Project Delivery (Statement of Works) Managed Consultancy Services via the London Collaboration call-off from the further competition conducted under MSTAR4 framework and the recommendations in this report are compatible with the exercise of the Council's general power of competence.

8.3 The London Collaboration is a group of London local authorities, led by the London Borough of Havering, who are permitted by Eastern Shires Purchasing Organisation to run further competitions under the MSTAR4 framework. In so far as the Council has followed the procurement process prescribed by the MSTAR4 framework and the London Collaboration call-off (as set out in paragraph 2 of this report), it will have conducted a fully compliant procedure.

8.4 Although there may be TUPE implications between the incumbent supplier (Matrix) and the proposed new supplier (Constellia), there are no TUPE implications to the Council as the Council is not the incumbent employer or the new employer.

8.5 The Council is able to run the two contracts in parallel although Officers will note that the activities on one will be winding down, while the other mobilises.

8.6 The Council shall have the option but no obligation to appoint consultants under this contract. Therefore, there is no guaranteed value or volume of work under this contract and as set out in the body of this report, each appointment (or Statement of Works) will be subject to separate governance in accordance with the Council's scheme of delegation.

9 Human Resources implications and risks:

9.1 These are addressed throughout the body of the report in particular paragraphs 3 and 4.

10 Equalities implications and risks:

10.1 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.

10.2 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.

10.3 An EqHIA (Equality and Health Impact Assessment) is usually carried out and on this occasion this is attached

10.4 The Council seeks to ensure equality, inclusion, and dignity for all in all situations.

10.5 There are not equalities and social inclusion implications and risks associated with this decision

11 Health and Wellbeing implications and Risks

11.1 There are no significant implications or risks to consider.

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| <p style="text-align: center;">ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS AND RISKS</p> <p>Please see Appendix D for the Constellia Carbon Reduction Plan.</p> |
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| <p>BACKGROUND PAPERS</p> |
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12 Background Papers

- 12.1 Appendix A – Financial Modelling**
- 12.2 Appendix B – Procurement and Evaluation Report**
- 12.3 Appendix C – EQHIA**
- 12.4 Appendix D – Constellia Carbon Reduction Plan 2024**