



London Borough of Hackney – Decisions taken by the Cabinet Procurement Committee on Monday, 10 February 2020

Decisions listed below that are Key Decisions will come into force and may then be implemented on the expiry of 5 clear working days after unless called-in by at least 5 non-executive members in writing and submitted to the Monitoring Officer.

Agenda Item No	Topic	Decision
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Part A – Items considered in public

1	APOLOGIES FOR ABSENCE	An apology for lateness was received on behalf of Councillor Selman. NOTED
2	Urgent Business	There were no items of urgent business. NOTED
3	DECLARATIONS OF INTEREST - Members to declare as appropriate	Councillor Rennison declared a personal and non prejudicial interest in agenda item 8 as a board member of Clapton Park TMO. NOTED
4	NOTICE OF INTENTION TO CONDUCT BUSINESS IN PRIVATE, ANY REPRESENTATION RECEIVED AND THE RESPONSE TO ANY SUCH REPRESENTATIONS	There were no representations received. NOTED
5	DEPUTATIONS/PETITIONS/QUESTIONS	There were no deputations. Petitions or questions. NOTED

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6	UNRESTRICTED MINUTES OF THE PREVIOUS MEETING OF CABINET PROCUREMENT COMMITTEE HELD ON 13 JANUARY 2020	<p>RESOLVED</p> <p>That the unrestricted minutes of the Cabinet Procurement Committee held on 13 January 2020 be confirmed as an accurate record of the proceedings.</p>
7	SELECTION OF A CONTRACTOR FOR THE CONSTRUCTION OF MIXED TENURE HOUSING AT PEDRO STREET - KEY DECISION NO. NH Q38	<p>RESOLVED</p> <ul style="list-style-type: none"> i. That approval be given to the appointment of Bidder A as the preferred contractor for the construction of mixed tenure housing at Pedro Street for the value set out in Exempt Appendix 1 of the report, plus a 5% client contingency to be held by the Council for scheme variations during the construction period; ii. That approval be given to entering into a JCT Design and Build contract and any other ancillary legal documentation relating thereto with Bidder A for the construction of mixed tenure housing at Pedro Street on such terms as shall be agreed by the Director of Legal; and iii. That the Director of Legal and Governance be authorised to prepare, agree, settle and sign the necessary legal documentation to effect the proposals contained in the report and to enter into any other ancillary legal documentation as required. <p>RELATED DECISIONS</p> <p>At its meeting of 29 February 2016 the Council’s Cabinet agreed the Housing Supply Programme (HSP).</p> <p>At its meeting on 18 July 2016 the Council’s Cabinet approved the Sales and Marketing Strategy, authorising the Director of Regeneration to implement the Sales and Marketing</p>

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		<p>Framework in relation to shared ownership and outright sale disposals generated via both the HSP and Estate Regeneration Programme (ERP). Cabinet also authorised the Director of Strategic Property and the Director of Regeneration to dispose of leasehold and freehold interests in the shared ownership and outright sale homes developed or to be developed as part of those Programmes.</p> <p>The Council’s Planning Sub-committee resolved to grant planning permission for the Pedro Street development on 7 February 2018, subject to the completion of a Unilateral Undertaking, which has since been authorised.</p> <p>At its meeting of 14 May 2019 the Hackney Procurement Board (HPB) approved the business case for mixed tenure housing at Pedro Street.</p> <p>REASONS FOR DECISION/OPTIONS APPRAISAL.</p> <p>The report outlined the process that was followed in selecting a preferred bidder for the Pedro Street development.</p> <p>It is proposed that the Council would enter into a JCT Design and Build contract with the preferred bidder. The Pedro Street contract did require the successful bidder to construct 26 new affordable homes, consisting 13 for social rent and 13 for shared ownership, with associated hard and soft landscaping.</p> <p>The redevelopment of the Pedro Street site would contribute to delivering the Council’s aspirations to make best use of Council land by building new social rented and low-cost home ownership homes on a range of unused or under-occupied sites across the borough. The shared ownership homes delivered on this site would generate cross</p>

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		<p>subsidy to help support the delivery of the social rented housing.</p> <p>The bids for the Pedro Street development were evaluated against the forecasts contained within the financial model for the scheme and were considered with reference to the viability of the overall HSP. These forecasts were prepared on the basis of independent cost and value information provided by the Council’s professional advisors and subject to scrutiny and cross-checking against other comparable schemes within the Programme by the Council’s Corporate Finance team.</p> <p>The proposed contractor was selected via a Negotiated Process without Prior Publication procedure using the SEC New Build and Refurbishment Framework Lot 2: £3m-£8m. The route was the recommended method of procuring the proposed work, as the SEC Framework contained a suitable range of contractors, where best value could be obtained in terms of both price and quality. Tenderers were required to offer a fixed price for building out the whole of the works.</p> <p>Two bids were received from build contractors via the Council’s e-tendering portal, ProContract. Both bids received were in excess of the pre-tender estimate provided by the Council’s professional advisors. In order to reduce bids down to an acceptable level, in accordance with Regulation 32(2) (a) of the Public Contracts Regulations 2015, the Council commenced a Negotiated Procedure with the two bidders.</p> <p>ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED)</p> <p>The option to ‘do nothing’ was considered and rejected. The HSP provides the opportunity to help alleviate the shortage of housing in the Borough. The Pedro Street site is a Council-owned brownfield site and, therefore, presents a significant opportunity to provide new affordable homes.</p>

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		<p>The Council owns and manages thousands of homes in the Borough, and as such has an in-depth understanding of and expertise in the affordable housing sector. In addition, the Council’s Regeneration Division has already successfully delivered new build housing across a number of sites. Accordingly, the Council’s recent approach to regeneration seeks to utilise its expertise, understanding and financial capacity to build and retain new affordable housing and outright sale homes directly through its in-house Sales & Marketing Team.</p> <p>Consideration was given to procuring a build contractor using the restricted procedure route set out in the Public Contracts Regulations 2015. The estimated build costs exceed the EU threshold for works and this, therefore, was a viable option. However, it was recommended that the contractor was procured through the SEC Framework for the following reasons:</p> <ul style="list-style-type: none"> ● Procurement process management costs will be higher for a stand-alone full EU-compliant process compared to a framework. This is principally in relation to internal resources and consultancy fees as a result of the need for a pre-qualification stage to be carried out; ● Such a pre-qualification stage would add 4 to 6 weeks to the procurement timetable; and ● Using a framework will provide a more streamlined procurement approach which in turn will generate time-saving benefits. <p>Procuring through several alternative frameworks was considered. The SEC Framework was considered to be the most appropriate for this project. Other frameworks in the</p>

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		market contained predominantly larger contractors and, therefore, interest and competition to bid for the work was considered less likely.
8	HACKNEY AND CITY INTEGRATED SUBSTANCE MISUSE SERVICE - KEY DECISION NO. CACH Q56	<p>RESOLVED</p> <p>That approval be given to the award of a contract for the delivery of the Hackney and City Integrated Substance Misuse Service to Provider E as detailed in the exempt appendix to the report for a maximum value of £24,000,000 for a period of 5 years commencing on the 1 October 2020, with a further option to extend for up to 4 years (2 +2).</p> <p>RELATED DECISIONS</p> <p>On 10 September 2019, the Cabinet Procurement Committee approved the Business Case for this procurement.</p> <p>REASONS FOR DECISION/OPTIONS APPRAISAL.</p> <p>The Service outlined in the report will replace the current arrangement whereby Hackney and The City of London have separate drug and alcohol services, and will create a single integrated system managed as a unified system by Hackney.</p> <p>The new service model was created as a result of significant targeted consultation with key stakeholders (including current and potential service users), and a design group consisting of cross-department local authority officers, members of City and Hackney CCG and the Integrated Commissioning System. Local need was analysed via the completion of a Substance Misuse Joint Strategic Needs Assessment Chapter, available here.</p>

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		<p>The new Service has the following vision: ‘To improve the quality of life for people affected by substance misuse by providing an excellent drug and alcohol treatment service that promotes recovery, reduces harm and is accessible and attractive to those who need support across the City of London and Hackney’.</p> <p>As outlined in the Business Case, the new service will run for a minimum of 5 years (subject to good performance), to reduce the impact of instability that can be caused by recommissioning. Given the length of the contract, the successful bidder was required to demonstrate how they will respond proactively and appropriately to any changes to the allocated budget and local needs across Hackney and the City. The comprehensive procurement process ensured that the successful bidder demonstrated their knowledge and ability to deliver all aspects of the service specification, and how they will meet the targets specified in the Key Performance Indicators.</p> <p>Procurement process: this is outlined in section 8 of the report.</p> <p>Hackney and City’s Public Health teams are recommending Provider E as the successful bidder following the procurement process. Provider E demonstrated comprehensive knowledge and experience regarding the delivery of drug and alcohol services in general, as well as illustrating an understanding of local needs across City of London and Hackney, along with innovative proposals for the service’s delivery.</p> <p>ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED)</p> <p>The following five options were appraised for the future of the drug and alcohol service provision in Hackney:</p> <ul style="list-style-type: none"> ● Hackney Council procure an integrated drug and alcohol treatment system which

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		<p>supports adults living in or with a local connection to Hackney and the City (Chosen Option)</p> <ul style="list-style-type: none"> • Allow the current contract in Hackney to expire, and not provide a specialist drug and alcohol service from October 2020 • Retain and extend current service model to remain as it is • Insource adult specialist drug and alcohol treatment • Jointly commission a specialist drug and alcohol service that supports all ages (including under 18 year olds) <p align="center">CPC agreed the business case for the preferred option in September 2019 (see Section 4).</p>
9	ANY OTHER UNRESTRICTED BUSINESS THE CHAIR CONSIDERS TO BE URGENT	<p>There were no items of unrestricted urgent business.</p> <p>NOTED</p>
10	DATE OF FUTURE MEETINGS	<p>NOTED – the dates of Cabinet Procurement Committee for the remainder of the Municipal Year 2019/20 as follows:</p> <p>Meetings will be held at 6.00pm on:</p> <p>11 March 2020 11 May 2020 – additional meeting</p>
11	<p>EXCLUSION OF THE PUBLIC AND PRESS</p> <p>Part B – Items considered in</p>	<p>RESOLVED</p> <p>THAT the press and public be excluded from the proceedings of the Cabinet Procurement Committee during consideration of Exempt items 12-14 on the agenda on the grounds that it is likely, in the view of the nature of the business to be transacted, that were members of the</p>

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	private	public to be present, there would be disclosure of exempt information as defined in paragraph 3 of Schedule 12A to the Local Government Act 1972 as amended.
12	EXEMPT MINUTES OF THE PREVIOUS MEETING OF CABINET PROCUREMENT COMMITTEE HELD ON 13 JANUARY 2020	RESOLVED That the exempt minutes of the Cabinet Procurement Committee held on 13 January 2020 be confirmed as an accurate record of the proceedings.
13	SELECTION OF A CONTRACTOR FOR THE CONSTRUCTION OF MIXED TENURE HOUSING AT PEDRO STREET - KEY DECISION NO. NH Q38	RESOLVED That exempt Appendix1 in relation to agenda item 7 in the unrestricted part of the agenda be agreed and noted.
14	HACKNEY AND CITY INTEGRATED SUBSTANCE MISUSE SERVICE - KEY DECISION NO. CACH Q56	RESOLVED That exempt Appendix A in relation to agenda item 8 in the unrestricted part of the agenda be agreed and noted.
15	ANY OTHER EXEMPT BUSINESS THE CHAIR CONSIDERS TO BE URGENT	There were no items of exempt urgent business. NOTED