



# CABINET PROCUREMENT COMMITTEE

Wednesday, 11th March, 2020

at 6.00 pm

Room 102, Hackney Town Hall, Mare Street, London E8 1EA

**Members:** Councillor Rebecca Rennison - Chair Deputy Mayor and Cabinet Member for Finance, Housing Needs and Supply  
Deputy Mayor Anntoinette Bramble Deputy Mayor and Cabinet Member for Education, Young People and Children's Social Care  
Cllr Jon Burke Cabinet Member for Energy, Waste, Transport and Public Realm  
Cllr Caroline Selman Cabinet Member for Community Safety, Policy and the Voluntary Sector

**Substitute Member** Mayor Philip Glanville

**TIM SHIELDS**  
Chief Executive

Contact: Clifford Hart  
Governance Services Officer  
Tel: 020 8356 3597  
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3 March 2020

The press and public are welcome to attend this meeting

# AGENDA

## Wednesday, 11th March, 2020

### ORDER OF BUSINESS

<b>1</b>	<b>APOLOGIES FOR ABSENCE</b>	
	<b>Urgent Business</b>	
<b>2</b>	The Chair will consider the admission of any late items of Urgent Business. Late items of Urgent Business will be considered under the agenda item where they appear. New items of unrestricted urgent business will be dealt with under Item 13 below. New items of exempt urgent business will be dealt with at Item 22 below.	
	<b>DECLARATIONS OF INTEREST - Members to declare as appropriate</b>	
<b>3</b>	<p>A Member with a disclosable pecuniary interest or a prejudicial interest in a matter who attends a meeting of the authority at which the matter is considered:</p> <p>(i) must disclose the interest at the start of the meeting or when the interest becomes apparent, and</p> <p>(ii) may not participate in any discussion or vote on the matter and must withdraw from the meeting room.</p> <p>A Member who discloses at a meeting a disclosable pecuniary interest which is not registered in the Register of Members' Interests or the subject of a pending notification must notify the Monitoring Officer of the interest within 28 days of the disclosure.</p> <p>Disclosable pecuniary interests, personal interests and prejudicial interests are defined at Paragraphs 8.1-15.2 of Section Two of Part 5 of the Constitution and Appendix A of the Members' Code of Conduct.</p>	
	<b>NOTICE OF INTENTION TO CONDUCT BUSINESS IN PRIVATE, ANY REPRESENTATION RECEIVED AND THE RESPONSE TO ANY SUCH REPRESENTATIONS</b>	

4	<p>On occasions part of the Cabinet Procurement Committee meeting will be held in private and will not be open to the public if an item is being considered that is likely to lead to the disclosure of exempt or confidential information. In accordance with the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 (the "Regulations"), members of the public can make representations about why that part of the meeting should be open to the public.</p> <p>This agenda contains exempt items as set out at Item 16 - 21:</p> <p>No representations with regard to these have been received.</p> <p>This is the formal 5 clear day notice under the Regulations to confirm that this Cabinet Procurement Committee meeting will be partly held in private for the reasons set out in this Agenda. Information) (England) Regulations 2012 (the "Regulations"), members of the public can make representations about why that part of the meeting should be open to the public.</p>	
5	<b>DEPUTUATIONS/PETITIONS/QUESTIONS</b>	
	<b>UNRESTRICTED MINUTES OF THE PREVIOUS MEETING OF CABINET PROCUREMENT COMMITTEE HELD ON 10 FEBRUARY 2020</b>	
6	To confirm the unrestricted minutes of the meeting of Cabinet Procurement Committee held on 10 February 2020.	<b>(Pages 1 - 10)</b>
	<b>Council Passenger Transport Services for vulnerable children - Key Decision No. CACH Q30</b>	
7	This report seeks the approval of Cabinet Procurement Committee to re-procure Council wide Passenger Transport Services, for Vulnerable Children and Adults from October 2020 with a recommended contract term of 3 years with an option to extend for 1 further year (4 years total).	<b>(Pages 11 - 30)</b>
	<b>Procurement of Bulk Road Fuels - Key Decision No. FCR Q.62</b>	
8	This report seeks the approval of Cabinet Procurement Committee for the contracted supply of bulk road fuels, specifically renewable high blend biofuel and rebated gas oil (red diesel) for an initial 24 month period commencing 1st August 2020 with the option of two further extensions, each for a 12-month period.	<b>(Pages 31 - 58)</b>
	<b>Business Case : Young people's supported accommodation pathway - Key decision No. CACH Q51</b>	

9	This report seeks Cabinet Procurement Committee's approval to the procurement of several contracts to form a pathway of supported accommodation for Hackney looked after children, care leavers and homeless young people.	(Pages 59 - 128)
	<b>Provision of contact services for looked after children - Key Decision No. CACH Q.53</b>	
10	This report seeks Cabinet Procurement Committee's approval to award a five year contract to deliver contact services for looked after children.	(Pages 129 - 146)
	<b>Highways Maintenance Contract - Key Decision No. NH Q.57</b>	
11	This report seeks Cabinet Procurement Committee's approval to appoint a contractor to deliver the Streetscene Highways Maintenance Contract of Civil Engineering, Road Surfacing, Street Lighting and Road Markings	(Pages 147 - 182)
	<b>Appointment of early works contractor for Britannia Phase 2a - Key Decision No. NH Q.60</b>	
12	This report seeks the Cabinet Procurement Committee's approval to appoint a preferred contractor to undertake the Britannia Phase 2a early works for the development of a mixed tenure scheme consisting of 90% genuinely affordable housing; an Early Years Centre; and associated public realm and landscape improvements.	(Pages 183 - 204)
13	<b>ANY OTHER UNRESTRICTED BUSINESS THE CHAIR CONSIDERS TO BE URGENT</b>	
	<b>DATE OF FUTURE MEETINGS</b>	
14	The remaining meeting of the Committee will be held at 6.00pm on:  11 May 2020	
	<b>EXCLUSION OF THE PUBLIC AND PRESS</b>	
15	Note from the Governance Services Manager  Items 16 -22 allow for the consideration of exempt information in relation to items respectively.  Proposed resolution:  THAT the press and public be excluded from the proceedings of the Cabinet Procurement Committee during consideration of Exempt items 16-22 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 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.	

	<b>EXEMPT MINUTES OF THE PREVIOUS MEETING OF CABINET PROCUREMENT COMMITTEE HELD ON 10 FEBRUARY 2020</b>	
16	To confirm the exempt minutes of the meeting of Cabinet Procurement Committee held on 10 February 2020.	(Pages 205 - 206)
	<b>Council Passenger Transport Services for vulnerable children - Key Decision No. CACH Q30</b>	
17	Item 7 refers  Appendix 1 is exempt from publication under para 3, Part 1, Schedule 12a of the Local Government Act 1972 (as amended).	(Pages 207 - 212)
	<b>Business Case : Young people's supported accommodation pathway - Key decision No. CACH Q51</b>	
18	Item 9 refers  Appendices 2, 4, 5 & 6 are exempt from publication under para 3, Part 1, Schedule 12a of the Local Government Act 1972 (as amended).	(Pages 213 - 256)
	<b>Provision of contact services for looked after children - Key Decision No. CACH Q.53</b>	
19	Item 10 refers  Appendices 1 – 4 are exempt from publication under para 3, Part 1, Schedule 12a of the Local Government Act 1972 (as amended).	(Pages 257 - 272)
	<b>Highways Maintenance Contract - Key Decision No. NH Q57</b>	
20	Item 11 refers  Appendices A – C are exempt from publication under para 3, Part 1, Schedule 12a of the Local Government Act 1972 (as amended).	(Pages 273 - 286)
	<b>Appointment of early works contractor for Britannia Phase 2a - Key Decision No. NH Q.60</b>	
21	Item 12 refers  Appendix 1 is exempt from publication under para 3, Part 1, Schedule 12a of the Local Government Act 1972 (as amended).	(Pages 287 - 352)
22	<b>ANY OTHER EXEMPT BUSINESS THE CHAIR CONSIDERS TO BE URGENT</b>	

## Location

Hackney Town Hall is on Mare Street, bordered by Wilton Way and Reading Lane.

**Trains** – Hackney Central Station (London Overground) – Turn right on leaving the station, turn right again at the traffic lights into Mare Street, walk 200 metres and look for the Hackney Town Hall, almost next to The Empire immediately after Wilton Way.

**Buses** 30, 48, 55, 106, 236, 254, 277, 394, D6 and W15.

## Facilities

There are public toilets available, with wheelchair access, on the ground floor of the Town Hall.

Induction loop facilities are available in the Assembly Halls, rooms 101, 102 & 103 and the Council Chamber.

Access for people with mobility difficulties can be obtained through the ramp on the side to the main Town Hall entrance.

## Copies of the Agenda

The Hackney website contains a full database of meeting agendas, reports and minutes. Log on at: [www.hackney.gov.uk](http://www.hackney.gov.uk)

Paper copies are also available from Governance Services whose contact details are shown on the front of the agenda.

## Council & Democracy- [www.hackney.gov.uk](http://www.hackney.gov.uk)

The Council & Democracy section of the Hackney Council website contains details about the democratic process at Hackney, including:

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- Executive Meetings & Key Decisions Notice
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## DEMOCRATIC PROCESS

### Rights of Press and Public to Report on Meetings

Where a meeting of the Council and its committees are open to the public, the press and public are welcome to report on meetings of the Council and its committees, through any audio, visual or written methods and may use digital and social media providing they do not disturb the conduct of the meeting and providing that the person reporting or providing the commentary is present at the meeting.

Those wishing to film, photograph or audio record a meeting are asked to notify the Council's Monitoring Officer by noon on the day of the meeting, if possible, or any time prior to the start of the meeting or notify the Chair at the start of the meeting.

The Monitoring Officer, or the Chair of the meeting, may designate a set area from which all recording must take place at a meeting.

The Council will endeavour to provide reasonable space and seating to view, hear and record the meeting. If those intending to record a meeting require any other reasonable facilities, notice should be given to the Monitoring Officer in advance of the meeting and will only be provided if practicable to do so.

The Chair shall have discretion to regulate the behaviour of all those present recording a meeting in the interests of the efficient conduct of the meeting. Anyone acting in a disruptive manner may be required by the Chair to cease recording or may be excluded from the meeting. Disruptive behaviour may include: moving from any designated recording area; causing excessive noise; intrusive lighting; interrupting the meeting; or filming members of the public who have asked not to be filmed.

All those visually recording a meeting are requested to only focus on recording councillors, officers and the public who are directly involved in the conduct of the meeting. The Chair of the meeting will ask any members of the public present if they have objections to being visually recorded. Those visually recording a meeting are asked to respect the wishes of those who do not wish to be filmed or photographed. Failure by someone recording a meeting to respect the wishes of those who do not wish to be filmed and photographed may result in the Chair instructing them to cease recording or in their exclusion from the meeting.

If a meeting passes a motion to exclude the press and public then in order to consider confidential or exempt information, all recording must cease and all recording equipment must be removed from the meeting room. The press and public are not permitted to use any means which might enable them to see or hear the proceedings whilst they are excluded from a meeting and confidential or exempt information is under consideration.

Providing oral commentary during a meeting is not permitted.

### Representation

Contact details for all Councillors are available on the website or by calling 020 8356 3207.

Ward Councillors may be contacted at their surgeries or at the Town Hall (020 8356 3207).

You may also write to any Councillor or a member of the Cabinet c/o Hackney Town Hall, Mare Street, London E8 1EA.

### Scrutiny Procedures

Details are listed in Part 4 of the Council's constitution, see the website for more details or contact Overview and Scrutiny on 020 8356 3029

### Executive Meetings and Key Decisions Notice

The procedure for taking Key Decisions is listed in Part 4 of the Council's Constitution, available on the website ([www.hackney.gov.uk](http://www.hackney.gov.uk)).

The Executive Meetings and Key Decisions Notice showing Key Decisions to be taken is available on the Council's website. If you would like to receive a paper copy please contact Governance Services (Tel: 020 8356 3597). Or email: [clifford.hart@hackney.gov.uk](mailto:clifford.hart@hackney.gov.uk)

### Emergency Procedures

In case of fire or any other emergency the Head of Governance Services or his/her nominated officer will ensure orderly evacuation of all those present in the meeting room. All Members Officers and members of the public should proceed without delay to the assembly meeting point near the car park at the back of the Town Hall where the nominated officer will conduct a count of all who have been evacuated to ensure that all are safe.

### Advice To Members And Officers On Handling Exempt Papers

- Do not photocopy
- Store securely for as long as you hold it
- All papers can be given to Governance Services Officers who will dispose of them appropriately and arrange for them to be recycled
- Note that copies of all exempt papers are held by Governance Services staff.

### Public Involvement

The public have the right to ask questions or submit petitions or deputations to Cabinet Procurement Committee meetings.

Contact Governance Services (Tel: 020 8356 3597) for further information on how this can be arranged. Or email: [clifford.hart@hackney.gov.uk](mailto:clifford.hart@hackney.gov.uk)

Further information can also be found within Part 4 of the Council's Constitution (which can be seen on the website [www.hackney.gov.uk](http://www.hackney.gov.uk) at this link) –

<http://mginternet.hackney.gov.uk/documents/s36746/4.4%20->



## ADVICE TO MEMBERS ON DECLARING INTERESTS

Hackney Council's Code of Conduct applies to **all** Members of the Council, the Mayor and co-opted Members.

This note is intended to provide general guidance for Members on declaring interests. However, you may need to obtain specific advice on whether you have an interest in a particular matter. If you need advice, you can contact:

- The Interim Director of Legal & Governance;
- The Legal Adviser to the committee; or
- Governance Services.

If at all possible, you should try to identify any potential interest you may have before the meeting so that you and the person you ask for advice can fully consider all the circumstances before reaching a conclusion on what action you should take.

### 1. Do you have a disclosable pecuniary interest in any matter on the agenda or which is being considered at the meeting?

You will have a disclosable pecuniary interest in a matter if it:

- relates to an interest that you have already registered in Parts A and C of the Register of Pecuniary Interests of you or your spouse/civil partner, or anyone living with you as if they were your spouse/civil partner;
- relates to an interest that should be registered in Parts A and C of the Register of Pecuniary Interests of your spouse/civil partner, or anyone living with you as if they were your spouse/civil partner, but you have not yet done so; or
- affects your well-being or financial position or that of your spouse/civil partner, or anyone living with you as if they were your spouse/civil partner.

### 2. If you have a disclosable pecuniary interest in an item on the agenda you must:

- Declare the existence and nature of the interest (in relation to the relevant agenda item) as soon as it becomes apparent to you (subject to the rules regarding sensitive interests).
- You must leave the room when the item in which you have an interest is being discussed. You cannot stay in the meeting room or public gallery whilst discussion of the item takes place and you cannot vote on the matter. In addition, you must not seek to improperly influence the decision.
- If you have, however, obtained dispensation from the Monitoring Officer or Standards Committee you may remain in the room and participate in the meeting. If dispensation has been granted it will stipulate the extent of your involvement, such as whether you can only be present to make representations, provide evidence or whether you are able to fully participate and vote on the matter in which you have a pecuniary interest.

### 3. Do you have any other non-pecuniary interest on any matter on the agenda which is being considered at the meeting?

You will have 'other non-pecuniary interest' in a matter if:

- i. It relates to an external body that you have been appointed to as a Member or in another capacity; or
- ii. It relates to an organisation or individual which you have actively engaged in supporting.

### 4. If you have other non-pecuniary interest in an item on the agenda you must:

- i. Declare the existence and nature of the interest (in relation to the relevant agenda item) as soon as it becomes apparent to you.
- ii. You may remain in the room, participate in any discussion or vote provided that contractual, financial, consent, permission or licence matters are not under consideration relating to the item in which you have an interest.
- iii. If you have an interest in a contractual, financial, consent, permission or licence matter under consideration, you must leave the room unless you have obtained a dispensation from the Monitoring Officer or Standards Committee. You cannot stay in the room or public gallery whilst discussion of the item takes place and you cannot vote on the matter. In addition, you must not seek to improperly influence the decision. Where members of the public are allowed to make representations, or to give evidence or answer questions about the matter you may, with the permission of the meeting, speak on a matter then leave the room. Once you have finished making your representation, you must leave the room whilst the matter is being discussed.
- iv. If you have been granted dispensation, in accordance with the Council's dispensation procedure you may remain in the room. If dispensation has been granted it will stipulate the extent of your involvement, such as whether you can only be present to make representations, provide evidence or whether you are able to fully participate and vote on the matter in which you have a non pecuniary interest.

### Further Information

Advice can be obtained from Dawn Carter-McDonald, Interim Director of Legal & Governance on 020 8356 6234 or email: [Dawn.Cartner-McDonald@hackney.gov.uk](mailto:Dawn.Cartner-McDonald@hackney.gov.uk)



FS 566728



## UNRESTRICTED MINUTES OF A MEETING OF THE CABINET PROCUREMENT COMMITTEE

**MONDAY, 10TH FEBRUARY, 2020**

<b>Chair</b>	<b>Councillor Rebecca Rennison in the Chair</b>
<b>Councillors Present:</b>	<b>Councillors Deputy Mayor Anntoinette Bramble, Cllr Jon Burke and Cllr Caroline Selman</b>
<b>Officers in Attendance</b>	<b>Mr Rotimi Ajilore – Head of Procurement Ms Zainab Jalal – Category Lead Social Care Mr Patrick Rodger – Senior Lawyer – Procurement - Legal &amp; Governance Mr Chris Trowell - Acting Director of Regeneration Programme, Neighbourhoods and Housing Mr Ben Terry - Project Officer, Neighbourhoods and Housing Ms Jane Havemann - Project Manager, Neighbourhoods and Housing Ms Jade Mercieca - Contracts &amp; Commissioning Officer, Children, Adults and Community Health Mr Mark Mulvenna - Contracts &amp; Commissioning Officer, Children, Adults and Community Health Ms Amy Harmsworth – Public Health Strategist - Children, Adults and Community Health Mr Stephen Abraham - Category Manager (Construction and Environment ) Finance &amp; Corporate Resources Mr Matt Clack – Head of Service – Public Health - Children, Adults and Community Health Mr Clifford Hart – Governance Services Officer – Legal &amp; Governance</b>

**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**

- 6 UNRESTRICTED MINUTES OF THE PREVIOUS MEETING OF CABINET PROCUREMENT COMMITTEE HELD ON 13 JANUARY 2020

**RESOLVED**

**That the unrestricted minutes of the Cabinet Procurement Committee held on 13 January 2020 be confirmed as an accurate record of the proceedings.**

- 7 SELECTION OF A CONTRACTOR FOR THE CONSTRUCTION OF MIXED TENURE HOUSING AT PEDRO STREET - KEY DECISION NO. NH Q38

The Chair asked for an introduction to the report.

The Project Manager – Mr Terry advised the Committee that by way of background that as part of the agreed Housing Supply Programme by Cabinet set out how the Council would make best use of its land by building new social rented and low-cost home ownership homes on a range of unused or under-occupied sites across the borough, subsidised by homes built for outright sale as a result of minimal Government funding to build council housing for social rent. The Programme proposed the delivery of more than 400 new homes, with a target tenure mix of 70% for social rent and shared ownership, with 30% outright sale. In accordance with the programme the 26 new affordable homes at Pedro Street would contribute to the Council's target to build over 3,000 new homes for social rent, shared ownership and outright sale. The cost of the affordable homes would be subsidised by homes for outright sale on other sites within the HSP, as agreed in the overarching Unilateral Undertaking agreed as part of the Programme.

Mr Terry went on to advise that the Pedro Street development would replace an old, now demolished boiler house that had become an eyesore on Clapton Park Estate. It was being replaced by 26 new, genuinely affordable homes for Council social rent and shared ownership. In addition, new landscaping and public realm improvements would provide a link between the development and Gilpin Square, and the shared surface would make the area more welcoming for pedestrians and cyclists.

Mr Terry also advised that the Council had worked closely with the Clapton Park Tenant Management Organisation (TMO) and Kings Park ward councillors throughout the development of the project and would continue to do so during the project's construction

phase. All properties would be managed by the Clapton Park TMO, following a handover period managed by the Council's New Build Team.

Mr Terry also commented that the Pedro Street project was mixed tenure development, and that given current market conditions the overall Programme had been forecast to be self-funding, but each individual scheme was subject to robust financial viability testing. The Committee were being asked to approve the appointment of a preferred contractor for the development of the mixed tenure housing scheme at Pedro Street. The preferred contractor had been selected via the South East Consortium (SEC) New Build and Refurbishment Framework, Lot 2: £3m-£8m. The recommendation was proposed for agreement had made on the basis of both cost and quality.

The Chair thanked Mr Terry for his introduction. In advising that she had would have a point of clarification, the Chair asked if there were any questions from the Committee.

Councillor Burke, in welcoming the proposals referred to the overall energy strategy, noted that a communal gas boiler system was to be used at Pedro Street. Cllr Burke advised he would like to see future schemes adopting alternative energy strategies, and asked if consideration had been given to using hydrogen boilers or similar. In response the Head of Housing Supply Programme - Mr Trowell – Acting Director of Regeneration advised that the scheme proposals had been developed around two years previously, and there was a time lag with policy changes being implemented. The Head of Procurement – Mr Ajilore suggested that a briefing note would be put together on energy strategies.

Councillor Burke sought clarification as to whether the project team had been in contact with Housing Services as regards to the PV panels on the roof, and if these would form part of the Council's new Light and Power Company strategy. Mr Terry confirmed that Housing services had been consulted on the proposals, and officers would be making contact with the energy company team in this respect.

With reference to the Landscaping/management of the site Councillor Burke asked for details of the soft landscaping proposals. Mr Terry in response confirmed that there would be a communal garden area with rainwater butts, extensive planting and trees across the development. The Clapton Park Estate Tenant Management Organisation (TMO) would manage the development following the end of defects period.

Councillor Burke further referred to the provision for an Electric Car Club Bay and sought clarification as to its location. Mr Terry advised that this was a planning obligation for the Pedro Street scheme to jointly fund an electric car club bay close to the site with the nearby Mandeville Street development.

Councillor Burke further sought clarification as to whether Cross Laminated Timber (CLT) had been proposed for use on the site. Mr Trowell advised that, following a recent change to the building regulations, it was no longer permissible to use combustible materials including CLT in the external walls of buildings over 18m tall, such as at Pedro Street.

Councillor Bramble sought clarification as to flood protection on the site and what the flood risk assessment meant for the site. Mr Terry advised that this was a planning requirement, and the development was deemed as being in a flood risk zone 2, which meant that there was no specific measures required to mitigate the risk of flood risk. However it was the case that the design took advantage of the natural topography to be slightly raised at the Gilpin Square end.

The Chair, in reference to the procurement process undertaken for the development and the fact that only two bids had been received, asked officers if there was the need to review how the Council should be procuring developments such as this. Mr Trowell advised that, due to the size of the Pedro Street development, it was in effect , and too big for small contractors but too small for large contractors. As such it was therefore difficult to find an appropriate

contractor for the site. Mr Trowell added that it would be possible to look at other frameworks and possibly consider packaging up small sites to make them more attractive to the market.

There being no further points of clarification, on a **MOTION** by the Chair it was:

**RESOLVED**

- 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.

**RELATED DECISIONS**

At its meeting of 29 February 2016 the Council's Cabinet agreed the Housing Supply Programme (HSP).

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 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.

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.

At its meeting of 14 May 2019 the Hackney Procurement Board (HPB) approved the business case for mixed tenure housing at Pedro Street.

**REASONS FOR DECISION/OPTIONS APPRAISAL.**

The report outlined the process that was followed in selecting a preferred bidder for the Pedro Street development.

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.

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 subsidy to help support the delivery of the social rented housing.

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.

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.

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.

#### **ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED)**

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.

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.

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:

- 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.

Procuring through several alternative frameworks was considered. The SEC Framework was considered to be the most appropriate for this project. Other frameworks in the 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

The Chair asked for an introduction of the report.

Ms Harmsworth - Public Health Strategist advised the Committee that the report before the Committee sought approval to the procurement of an integrated adult drug and alcohol treatment system across the London Borough of Hackney and the City of London Corporation. The procurement would support the two authorities to deliver on their shared vision to improve positive outcomes for some of the most vulnerable residents, as well as improving the life chances of many of the individuals who choose to live, work and visit here.

Ms Harmsworth went on to comment that the new integrated service would also effectively engage with other priority groups requiring excellent drug and alcohol treatment, and achieved via increased outreach, widened accessibility for the service, and a broader range of health and wellbeing interventions offered, including mental health support. There would also be an increased focus on communication and locally informed campaigns to increase the reach of the service, support partnership working and enhance the 'making every contact count' (MECC) approach. Ms Harmsworth advised that selected Provider being recommended for the contract award had given assurances that they would deliver on these aspects throughout the tender process, including the addition of an Access and Engagement Team, sub-contractual arrangements with a mental health charity and a dedicated Partnership Manager who would lead on training and communication across the two local authorities.

Ms Harmsworth advised that by combining the service across City of London and Hackney, both local authorities had maximised opportunity for efficiency savings, whilst also designing a service model that would effectively promote recovery, reduce harm and was accessible and attractive to all those who required support.

Ms Harmsworth further advised that in recent years there had been changes to local needs and treatment delivery, which would be addressed within the new service, including but not limited to an ageing treatment population who could present with multiple health and social care complexities, an increased number of individuals with both substance misuse and mental health needs, and a reduction of alcohol only service users engaging with treatment services, despite estimated need remaining unchanged.

Ms Harmsworth concluded that following approval from Cabinet Procurement Committee in September 2019, Public Health colleagues across Hackney and the City of London had completed a thorough and fair procurement of the new Integrated Substance Misuse Service. Therefore the recommendation before the Committee sought approval for the selected provider to commence the new contract from 1 October 2020.

In welcoming the report the Chair asked if there were any questions from the Committee. Councillor Selman, in reference to the new contract, and the transition arrangements to ensure a smooth hand over from the existing provider. In response Ms Harmsworth advised that the current provider was not the new contractor. There would be a planned transition period prior to the new contract with service users and staff being regularly updated. There would be a TUPE process for staff in the transition process.

There being no further questions or points of clarification, on a **MOTION** by the Chair it was:

**RESOLVED**

**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).

## **RELATED DECISIONS**

On 10 September 2019, the Cabinet Procurement Committee approved the Business Case for this procurement.

## **REASONS FOR DECISION/OPTIONS APPRAISAL.**

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.

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.

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'.

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.

Procurement process: this is outlined in section 8 of the report.

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.

## **ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED)**

The following five options were appraised for the future of the drug and alcohol service provision in Hackney:

- Hackney Council procure an integrated drug and alcohol treatment system which supports adults living in or with a local connection to Hackney and the City (Chosen Option)
- 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)

CPC agreed the business case for the preferred option in September 2019 (see Section 4).

9 ANY OTHER UNRESTRICTED BUSINESS THE CHAIR CONSIDERS TO BE URGENT

There were no items of unrestricted urgent business.

**NOTED**

10 DATE OF FUTURE MEETINGS

NOTED – the dates of Cabinet Procurement Committee for the remainder of the Municipal Year 2019/20 as follows:

Meetings will be held at 6.00pm on:

11 March 2020

11 May 2020 – additional meeting

11 EXCLUSION OF THE PUBLIC AND PRESS

**RESOLVED**

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 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.

**SUMMARY OF EXEMPT/CONFIDENTIAL PROCEEDINGS**

12 EXEMPT MINUTES OF THE PREVIOUS MEETING OF CABINET PROCUREMENT COMMITTEE HELD ON 13 JANUARY 2020

**AGREED** 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

**AGREED** the exempt Appendix1 in relation to agenda item 7 in the unrestricted part of the agenda.

14 HACKNEY AND CITY INTEGRATED SUBSTANCE MISUSE SERVICE - KEY DECISION NO. CACH Q56

**AGREED** the 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**

**Duration of the meeting:** 18:00 – 18:30HRS

Contact:

Clifford Hart

Clifford.hart@hackney.gov.uk

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<p><b>TITLE OF REPORT</b> Council Passenger Transport Services Including For Vulnerable Children and Adults</p> <p><b>BUSINESS CASE</b> Key Decision No. CACH Q30</p>	
<p><b>CPC MEETING DATE (2019/20)</b> 11th March 2020</p>	<p><b>CLASSIFICATION:</b> Open with EXEMPT APPENDIX 1</p> <p>By Virtue of Paragraph(s) 3, Part 1 of schedule 12A of the Local Government Act 1972 appendix 1 is exempt because they contain information relating to the financial or business affairs of any particular person (including the authority holding the information) and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p>
<p><b>WARD(S) AFFECTED</b> ALL</p>	
<p><b>CABINET MEMBERS</b> Cllr Bramble - Deputy Mayor and Lead Member for Children and Families Services Cllr Kennedy - Lead Member for Health, Adult Social Care and Leisure</p>	
<p><b>KEY DECISION</b> Yes</p> <p><b>REASON</b> Affects Two Or More Wards</p>	

**GROUP DIRECTOR**

**Anne Canning**

**Children Adults and Community Health**

## **1. CABINET MEMBER'S INTRODUCTION**

- 1.1 This report provides a business case for the re-procurement of a Council wide range of Passenger Transport Services, specifically for vulnerable children and adults, including home to school SEND transport. This collaborative approach will promote the application of consistent standards across all areas and ensure that officers are in a position to confidently commission safe and cost efficient services.
- 1.2 The proposed re-procurement is directly aligned with the Mayors manifesto commitment to provide '*an ambitious and well-run Council that delivers high quality services, financial stability,*' and '*first class-local facilities and connecting with Hackney's communities; a visible, engaging, and listening Council, working in partnership with local people to shape services, and promoting community cohesion.*'

## **2. GROUP DIRECTOR'S INTRODUCTION**

- 2.1 This report requests approval to re-procure Council wide Passenger Transport Services, for Vulnerable Children and Adults at an approximate annual spend of £1.8 million. The new contract will commence in October 2020 with a recommended contract term of 3 years with an option to extend for 1 further year (4 years total).
- 2.2 Hackney Learning Trust (HLT) has a statutory obligation to provide home to school transport for eligible children, and transport services are provided to vulnerable children and young people in both the Children and Families Service (CFS) and Adult Social Care (ASC). Successful tendering of the Passenger Transport Services for all Council departments will ensure the continuation of a good quality and good value transport provision for eligible service users in the borough. The Council wide tender will be a more efficient way of procuring the contract as it avoids each department commissioning separate contracts for passenger transport services, ensuring consistency across the Council and value for money.
- 2.3 The Risk Assessment Tool completed for this contract by the Business Development and Support Manager defined the risk level as medium, which would require approval by Hackney Procurement Board. However, it was agreed that due to the essential nature of the services provided and the client groups involved, that Cabinet Procurement Committee should be asked to consider and approve this procurement at both Business Case as well as Contract Award Stage.

## **3. RECOMMENDATION(S)**

- 3.1 Cabinet Procurement Committee is recommended to:

Approve the procurement of a dynamic purchasing system for provision of Passenger Transport Services, for a contract term of three years with an option to extend for a further year, up to a maximum of four years, commencing in October 2020. The potential contract value is £5.4 million, up to £7.2 million if the extension is utilised.

## **4. RELATED DECISIONS**

- 4.1 In 2015, following a competitive tender process, Cabinet Procurement Committee approved the award of a 4 year framework contract at the approximate annual value of £1.8 million per annum.

## **5. OPTIONS APPRAISAL AND BUSINESS CASE (REASONS FOR DECISION)**

- 5.1.1 HLT, CFS and ASC are seeking a Council wide Corporate Contract to continue the amalgamation of the use of passenger transport and taxi services across all Council departments to continue to realise the main objectives of the passenger transport services which are:

- To provide a safe service to all users
- To provide a passenger assistant when required
- To provide a punctual and timely service
- To provide vehicles that are safe, legal, secure, clean and in good condition
- Ensure all contractors are correctly licensed
- Deliver value for money

- 5.1.2 The Council provides SEND transport via 22 'O-Licensed' buses to approximately 260 children or young people which equates to approximately 45% of the service demand. This procurement will ensure the service demands of the remaining 55% continue to be provided. More information in relation to the Council's in-house provision is available in Appendix 1.

- 5.1.3 The current passenger transport service includes the use of vehicles, ranging from standard taxi vehicles to multi-purpose vehicles, wheelchair accessible vehicles, minibuses and up to 32 seater wheelchair accessible buses.

- 5.1.3 The types of journeys required fall into three main categories:

### Accompanied Journeys:

Occur when:

- A social worker, or other person carrying out the role of passenger assistant, is required to accompany an eligible adult, child or young person to assessment meetings, day services, schools, colleges, placements, court etc
- A child or young person's EHC plan (Education, Health and Care Plan) determines that they require a passenger assistant to accompany them on their home to school transport journey or a passenger assistant is required for the safety of the child, other passengers or the driver; or
- When a bus is used to transport multiple children or young people to school, college or placements.

NB Passenger assistants supervise and assist clients with special requirements or behavioural / medical needs).

### Unaccompanied Journeys

Occur when:

- Children, young people or adult service users go to appointments but they do not require a passenger assistant
- There is assessed need for day time transport for Adult Service Users with disabilities



- There are Social Care Department family moves to new accommodation
- Children and Young People are eligible for home to school transport, but they do not require a passenger assistant
- There are some Service User ad-hoc journeys, including to and from respite care, (in/out of Borough)
- There are school trips or group trips for vulnerable service users (which are attended and supervised independently)

#### Ad-hoc / Non Client Journeys

- Staff or carers/family members when authorised by a senior manager to meet the needs of a service user
  - Courier services
  - Ad-hoc journeys for LBH employees

5.1.4 Under the current taxi and passenger transport frameworks, to ensure the safety of service users on all accompanied/unaccompanied journeys, transport providers are required to ensure all passenger assistants and drivers assigned to Hackney Council bookings have Enhanced Disclosure and Barring Service (DBS) checks. Providers will also be expected to have comprehensive safeguarding policies and processes in place and training for staff, including Contextual Safeguarding training. This will be an ongoing requirement under the new contract.

5.1.5 In order to cover the full requirements of the contract, the tender is proposed to remain consistent with the lots of the current contract and be divided into four areas:

- Category 1: Home to school transport for SEND children and young people (with and without the passenger assistant requirement) - Minibuses, People Carriers and/ or Taxis
- Category 2: Ad-hoc journeys (may include some repeat bookings) for service users to meet assessed need (with and without the passenger assistant requirement)
- Category 3: Minibus and Coach hire services for ad-hoc journeys as and when required for e.g. school trips, Young Hackney service user trips
- Category 4: Ad-hoc journeys for LBH employees as and when required or Courier Services as and when required

Operators will be given the option of applying for any or all categories, and in any combination of Categories 1-4. It is intended that there will be at least four providers for each of Categories 1,2,3 and 4.

#### 5.1.6 **BENEFITS REALISATION / LESSONS LEARNED**

5.1.7 Eight providers have been contracted through the framework agreement to provide services to support passenger transport services since August 2015.

5.1.8 The objective of the current and proposed future contract is to support the local authority in delivering its statutory duty to provide a safe and efficient passenger transport service to all users.

- 5.1.9 The contract has been managed by the CFS Strategic Business Lead, HLT Head of Transport Solutions and both the HCS Head of Integrated Learning Disability Services (ILDS) and the Service Manager for ILDS. Multiple contract managers in separate departments has resulted in a mixed approach to contract management and oversight. Under the new DPS it is recommended that contract management is centralised with one department (CFS) lead. This will ensure improved contract management and performance oversight.
- 5.1.10 While user feedback on the existing providers has been positive, regular and quarterly review meetings have taken place sporadically and written performance data is not easily accessible.

## **5.2 Strategic Context**

- 5.2.1 The Council has a statutory obligation to provide, free of charge, home to school transport for a child or young person who is eligible. The taxi service for vulnerable children and adults is a key service provided by the Council. The implementation of a corporate taxi and passenger services contract underlines commitment to achieving best value for the Council.
- 5.2.2 Passenger transport services are required for vulnerable children and young people and eligible adults to provide safe and secure transportation. Hackney currently has approximately 260 children and young people for which it provides home to school transport via third party contractors. The majority of journeys are daily, although some occur weekly or termly and they are primarily to out-of-borough schools and colleges. In CFS the main client group are Looked After Children (LAC) being transported to and from school, hospital, as well as contact arrangements with parents. In ASC, taxi services are primarily used by Learning Disabilities Service for clients being transported to and from day activities.
- 5.2.3 CFS and ASC always encourages service users to use public transport where appropriate. However, the age, health, ability and individual family/carer circumstances of a child or adult at risk can often mean that a taxi is the only transport option. Nevertheless, efforts have been successfully made across CFS to ensure that taxi provision is a last resort and over the last four years, there has been an overall reduction in spend on this provision.
- 5.2.4 Within education, a family applies to HLT for home to school transport to be provided by HLT and the requirement is matched against the eligibility criteria. Where it is safe and practicable, alternative transport options that will foster independence are considered, or if not then HLT provides home to school transport, either via the in-house fleet of busses, or with third party transport providers.
- 5.2.5 The Children and Families Act, which sets out the reforms to special educational needs was implemented in September 2014, and this had a significant impact on the demand for and provision of home to school transport for children with a statement or an education, health and care plan.
- 5.2.6 The reforms provided families with children with special educational needs and disabilities (SEND) more control over the services they use. All local authorities publish a 'Local Offer' which outlines the services available to families with children with special educational needs and disabilities, and how they can use their personal budget.

5.2.7 The main objectives of the passenger transport service are to:

- Provide a safe service to all users
- Provide a passenger assistant when required
- Provide a punctual and timely service
- Provide vehicles that are safe, legal, secure, clean and in good condition
- Ensure all contractors are correctly licensed
- Deliver value for money

5.2.8 Since the start of the current framework, CFS and ASC have successfully implemented a booking process for sending out requests for quotes to all taxi providers on the framework and therefore continuously benefiting from securing the most competitive prices. Additionally, the ongoing use of Government Purchase Cards (GPC) has continued to make efficiency savings in terms of processing time. GPC are held by permanent members of Business Support staff within CFS.

5.2.9 Between 2014/15 and 2018/19 CACH has maintained an average overall spend on transport of £1.8M per annum, despite year on year, increased demand for services. In CACH this has been achieved in part through the implementation of Quality Assurance (QA) procedures for Taxi bookings. This includes the requirement of receiving competitive quotes, regular audit and necessary sign-off by officers on or at least Service Manager Level - which has ensured spending has not increased despite increased demand for services.

5.2.10 It is intended that the Dynamic Purchasing System (DPS) will continue to enable departments to streamline passenger transport booking arrangements and continue to lead to service efficiencies. This will be achieved within the DPS through a competitive system of sending requests for quotes, and a mini-competition being carried every summer by HLT for approved providers to bid for scheduled home-to-school journeys.

### **5.3 Preferred Option: *Create a new Dynamic Purchasing System (DPS)***

5.3.1 A Dynamic Purchasing System allows suppliers to apply to join throughout the life of the contract period. This offers flexibility for suppliers and gives the Council the option to add further providers onto the DPS to ensure an adequate number of suppliers is available, giving both continuity of provision and encouraging ongoing testing of value for money.

5.3.2 Advantages

- The DPS would be specific to the Council and therefore continue to meet all user requirements, including the need for a safe and timely service for vulnerable users.
- A DPS would allow suppliers to be added to the framework throughout the duration of the contract thus improving capacity of approved providers and potentially realising increased value for money.
- DPS also allows suppliers which fail to be accepted to apply repeatedly. This gives suppliers an opportunity to absorb feedback and develop and improve their bids and offer to the Council
- Will continue to provide greater efficiency of purchasing, with a one-stop shop allowing directorates to purchase all required services from the one framework.
- Continue to allow for greater control of spend on taxi services across the Council.
- The competitive process of developing the DPS will ensure that the Council is receiving 'value for money' from the suppliers.

- A list of approved taxi suppliers allows for greater ease of expenditure tracking.
- Based on the positive feedback from the current contract, this option is likely to have broad user acceptance.
- Saving on resources required to tender and implement separate taxi frameworks across each directorate / department.
- No additional cost to existing budgets for monitoring the framework.

### 5.3.3 Disadvantages / Risks

- Continued engagement with suppliers is critical to ensure a sufficient number of providers are signed up to the DPS. This will improve capacity, competition and value for money.
- Prices for taxi services reflect a highly competitive UK market.
- Monitoring and oversight of a DPS will require additional resources throughout the duration of the contract.
- Initially a DPS will be time consuming to implement.

### 5.3.4 The following factors will be used to determine the success of the project:

- Competitive pricing
- Delivery of easy to use DPS; and
- Safe and timely service for all users

## 5.4 ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED)

### 5.4.1 Insourcing - Deliver the provision in-house

This option would consider the possibility of employing personnel on a full-time basis, and leasing vehicles to provide all required in-house transport and taxi services. Please see Appendix 1 for a detailed breakdown.

### 5.4.2 Do nothing – Do not re-procure

This option was considered and rejected because, as previously noted the Council is under a statutory duty to provide transport for eligible service users. This includes particular responsibility to transport vulnerable children and young people with special educational needs (SEN).

#### Advantages

- None

#### Disadvantages / Risks

- Failure to re-procure would leave the local authority open to challenge by Government and could also leave the Council exposed to judicial review in relation to any failure to support young people with SEND.
- The Council would fail to realise savings through ad-hoc purchasing techniques that could be achieved through the use of a joint framework or DPS.
- Without a framework or DPS, expenditure tracking across a large range of taxi suppliers will be difficult.

- No competitive process would be held when hiring services.
- The Council would not be in a position to identify if they are receiving 'value for money'.
- The Council would be non-compliant under UK Government and EU procurement rules and violate Hackney's Contract Standing Orders.

#### 5.4.3 **Tender the transport and taxi service to one lead provider**

This option was considered and rejected.

##### Advantages

- Saving on resources required to manage single supplier's performance for delivery of all taxi services
- Ease of booking taxi services with one approved supplier

##### Disadvantages / Risk

- Lack of multiple suppliers risks demand not being met at peak times. If the main provider could not meet all the requirements during this time, Council would have to use other unapproved providers.
- Lack of competitive booking process - the Council would not receive value for money
- High risk in the event of supplier going into administration. There have been instances of Local Authority provision being severely disrupted by providers collapsing.
- This option is likely to disadvantage smaller, local businesses that are well placed to provide a responsive service.

#### 5.4.4 **Create a new Council wide framework**

This option was considered and rejected with the flexibility of a Dynamic Purchasing System being agreed as the preferred option.

##### Advantages

- None of the ongoing evaluation and administration, and associated resource implications, required by a DPS.
- The framework would be specific to the Council and therefore continue to meet all user requirements, including the need for a safe and timely service for vulnerable users.
- Will continue to provide greater efficiency of purchasing, with a one-stop shop allowing directorates to purchase all required services from the one framework.
- Continue to allow for greater control of spend on taxi services across the Council.
- The competitive process of developing the framework will ensure that the Council is receiving 'value for money' from the suppliers.
- A list of approved taxi suppliers allows for greater ease of expenditure tracking.
- Based on the positive feedback from the current contract, this option is likely to have broad user acceptance.
- Saving on resources required to tender and implement separate taxi frameworks across each directorate / department.
- No additional cost to existing budgets for monitoring the framework.

## Disadvantages / Risks

- A lack of suppliers on the framework risks reduced competition and driving up prices.
- Prices for taxi services reflect a highly competitive UK market.
- Suppliers are unable to reapply to join the Framework; the market is limited and an opportunity to support suppliers, particularly smaller local businesses is lost.

## 5.5 Success Criteria/Key Drivers/Indicators:

5.5.1 Measures of success for this contract are as follows:

- That the Council meets its statutory duty to provide home-to-school transport for eligible children, and transport service is provided specifically to vulnerable children and young people in both Children and Families Service (CFS) and Adult Services (ASC).
- Meeting the Key Performance Indicators (KPIs) as listed within 7.5 below.

## 5.6 Whole Life Costing/Budgets:

### 5.6.1 Taxi Spend Overview of Previous Contract (2014/2019)

Department Spend / Year	2015 / 2016	2016 / 2017	2017 / 2018	2018 / 2019	Total
<b>CACH</b>	£1,777,176	£1,863,693	£1,687,313	£1,819,311	£7,147,493
<b>Neighbourhood and Housing</b>	£13,118	£18,164	£13,829	£52,414	£97,525
<b>Finance and Corporate Resources</b>	£11,876	£29,502	£21,854	£57,335	£120,567
<b>Chief Executive</b>	£9,196	£26,936	£29,464	£97,339	£162,935
<b>Total Council Spend</b>	£1,811,366	£1,938,295	£1,752,460	£2,026,399	£7,528,520

### 5.6.2 Taxi Spend Projected / Budgeted Costs for Contract Duration (2020-24)

	Total Projected Spend 2020-21	Total Projected Spend 2020-24	Percentage
Total CACH (ASC, CFS and HLT)	1.793M	7.173M	>99%
Other Council Departments	6.8k	27k	<1%

<b>Total Cost</b>	1.8M	7.2M	100%
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5.6.3 Projected spend has been calculated using actual spend figures from the current contract (2014/19). Impacts on the market such as emission charges, transport technology and Brexit make further estimates on projected spend unlikely to be beneficial due to the uncertain nature of the market.

## 5.7 Policy Context:

5.7.1 Local authorities must ensure that suitable travel arrangements are made where necessary to facilitate an eligible child's attendance at school. Section 508B of the Education Act 1996 requires local authorities to make such school travel arrangements as they consider necessary for children within their area. Such arrangements must be provided free of charge. Section 508C of the Act gives local authorities discretionary powers to make school travel arrangements for other children not covered by section 508B. Such transport does not have to be provided free of charge.

5.7.2 Local authorities must publish a transport policy statement each year setting out the travel arrangements they will make to support young people aged 16-19 and learners with learning difficulties and/or disabilities (LLDD) aged up to 25, to access further education. This should include any arrangements for free or subsidised transport.

5.7.3 Adult Services has a legal duty to provide transport to service users who are eligible for social care support in certain circumstances, if they have no independent means of self-transporting.

### 5.7.4 Council priorities:

5.7.4.1 Promote health and well-being for all residents / raise educational aspirations

5.7.4.2 The provision of this service ensures suitable, safe home to school transport for eligible children to facilitate their attendance at school and support their learning. The new specification will be designed to enhance safeguarding and the overall positive experience of transport for Looked After Children, children with Special Education Needs and all other service users. The assisted transport service enables independence for older people thereby improving their health and wellbeing.

5.7.4.3 Hackney, as an accredited London Living Wage (LLW) Borough, will require tenderers to fully meet the requirements of LLW, and that all such costs are met and transparently declared, as required by the Council.

5.7.4.4 The successful bidders will support Council policies on procuring green and new policies as required. The specification will require suppliers to utilise vehicles which are low emission or alternative fuel based ie. hybrid-electric vehicles and well looked after. Better maintained vehicles cause less damage to the environment and give off lower emissions thus providing a cleaner environment.

5.7.4.5 Suppliers will be required to demonstrate their commitment to valuing diversity within their workforce through their recruitment strategy, ensuring accessibility of opportunity to all and encouraging recruitment from the local community.

## 5.8 Consultation/Stakeholders:

5.8.1 Officers across the service areas have worked together over the past few months to progress this project and consider the benefits of a new joint tender. All directorates are in agreement that a similar procurement process to the existing contract can be followed with only minor changes to the new contract required. HLT, CFS and AS will have a majority stake in the project

5.8.2 The Project Panel is also comprised of key users of the required services and as such continuous ongoing consultation will occur. CFS and AS have consulted with business support staff and practitioners for details of both their experience and any feedback they have received from service users. This has informed the final version of the specification.

5.8.3 In response to the Government's SEN reforms and the development of Hackney's Local Offer, HLT has established a SEN Transport task and finish workgroup that includes schools and the Hackney Independent Forum for Parents/Carers of Children with Disabilities (HIP).

5.8.4 Providers on the existing taxi framework have been informed about HLT, CFS and AS re-tendering a Council-wide passenger transport provision agreement together.

5.8.5 A Market Engagement Day was held with suppliers to update them on the re-tender. The suppliers provided feedback on the service specification and Key Performance Indicators (KPIs) which will inform the final version of the service specification.

## 5.9 Risk Assessment/Management:

5.9.1 There are no significant risks that have been identified that affect this contract. The likely risks from this procurement and the subsequent service is as set out in the table below:

Risk	Likelihood	Impact	Overall	Action to avoid or mitigate risk
	L – Low; M – Medium; H - High			
Procurement overruns and the new contract is not ready for 01/10/20	H	M	M	An updated project timetable has been established with sufficient resources allocated to the procurement.
Loss of suppliers throughout the duration of the contract	L	M	M	The DPS model allows suppliers to apply to join the DPS at any time, and to reapply if unsuccessful, so any loss of suppliers can be mitigated by other new providers joining throughout the contract term.
Parents / carers express concerns that change in transport provider may	L	L	L	This will be mitigated through clear



cause issues of trust and familiarisation for service users where continuity of driver / passenger assistant is important				communication with all stakeholders.
Changes in legislation reducing demand	L	L	L	The DPS will be clear that being an approved provider will not confer any guarantee of any volume of business

## 5.10 Market Testing (Lessons Learnt/Benchmarking):

5.10.1 Provision of transport services is a competitive market and there are a number of local and regional providers who have the ability to meet the Council's overall requirements. A market engagement day was carried out, with suppliers invited to comment on the proposed model and highlight any issues relevant to the service. The attendance at the event was lower than anticipated, and those that attended discussed the pressures affecting transport companies including changing legislative requirements, impact / uncertainty around Brexit, emission zone charges. This reinforced the rationale around using a Dynamic Purchasing System which would allow new suppliers to join as they come on to the market, and not cause the Council to be reliant on a limited number of providers.

## 5.11 Savings

5.11.1 A Council wide arrangement will lead to efficiencies of service and ensure value for money as departments will not be carrying out individual procurement processes, or competing for providers. A Dynamic Purchasing System (DPS) will ensure competition throughout the duration of the contract. Future savings will be dependent on service need. As the main stakeholder, CACH will have oversight of financial spend within the DPS throughout the contract.

## 6. SUSTAINABILITY ISSUES

### 6.1 Equality Impact Assessment and Equality Issues

6.1.1 Approved passenger transport providers are required to provide wheelchair accessible transport where necessary and passenger assistants who are trained to manage a range of disabilities and challenging behaviours of service users. Whilst most drivers are male, female drivers are available on request as are male or female passenger assistants as required.

### 6.2 Procuring Green

6.2.1 The main environmental issue with the provision of passenger transport services is the carbon emissions generated through the use of private vehicles. The use of public transport where possible will continue to be encouraged; however the specific requirements of the service are such that safety or security issues mean that a taxi or other motor vehicle can sometimes be the only safe form of transport for a vulnerable child, young person or adult.

- 6.2.2 Suppliers will be required to use low emission vehicles or alternative fuels in order to reduce environmental impact as part of the contract, and will be required to answer a weighted question regarding their environmental initiatives as part of the tender response form.

Staff requesting use of a taxi service for ad hoc journeys will be required to use public transport in the first instance, with taxi journeys only used with the authorisation of a line manager and where other methods are not possible.

### **6.3 Procuring for a Better Society:**

- 6.3.1 Use of local taxi firms will provide local employment and business sustainability. With the re-tender the winners will require local drivers with local knowledge, therefore we do not anticipate any reduction in local employment.
- 6.3.2 Splitting the contract into 4 categories makes the contract more accessible to smaller and local suppliers without increasing costs or reducing quality control.
- 6.3.3 Suppliers will be expected to demonstrate how their selection process encourages local recruitment.
- 6.3.4 Suppliers will be required to offer at least one apprenticeship place, skills training, work placement or work experience within the local community.

### **6.4 Procuring Fair Delivery**

- 6.4.1 The London Living Wage is required to be paid as a minimum to staff, including passenger assistants.
- 6.4.2 Suppliers will be expected to demonstrate how their selection process ensures a diverse workforce which reflects the local community.

## **7. PROPOSED PROCUREMENT ARRANGEMENTS**

### **7.1 Procurement Route and EU Implications:**

- 7.1.1 The procurement process will comply with EU procurement requirements for services as follows.
- 7.1.2 The Procurement team will support the relevant service managers across the three areas to develop the specification and agree the evaluation criteria and weightings.
- 7.1.3 OJEU and Contracts Finder Notices will be published, plus the opportunity will be advertised on the Hackney Council Tenders webpage. Information on the opportunity will be circulated to the industry including existing operators to generate sufficient response to fulfil the current service levels.
- 7.1.4 To encourage a good response that includes local business, the procurement process will be simplified as far as possible whilst maintaining principles of compliance, transparency and fairness.

- 7.1.5 A Restricted procedure will be utilised for this tender process, as the Public Contract Regulations 2015 require this process to be used for the establishment of a DPS. A Selection Questionnaire (SQ) will be issued, followed by an Invitation to Tender sent to all those suppliers meeting the defined requirements of the SQ.
- 7.1.6 The evaluation of tenders will be based on the clear criteria set out in the documentation, and will be carried out by representatives of the three areas, supported by Procurement.
- 7.1.7 Following this evaluation process, Officers will submit the report to CPC for contract award as the contract value will be above £2M.

## **7.2 Resources, Project Management and Key Milestones:**

<b>Key Milestones</b>	
Report to CPC	11th March 2020
OJEU Advert placed	12th March
Closing date for Selection Questionnaire (SQ)	21st April
SQ Evaluation	23rd April - 7th May
Issue Invitation to Tender (ITT)	13th May
Closing Date for ITT	15th June
ITT Evaluation	17th June - 1st July
Contract Award Report Considered at CPC	Sept 2020*
Standstill Period	Sept 2020
Contract Start	1st Oct 2020

\* Exact 2020/21 CPC Meeting dates to be confirmed by Governance

## **7.3 Contract Documents: Anticipated contract type**

- 7.3.1 At the time of writing this report the Contract Documentation is still being prepared and will be completed in line with the procurement timetable above. Terms and Conditions for the overarching Dynamic Purchasing System will be produced, incorporating a contract / order form to be used for contracts awarded under the DPS.

## **7.4 Sub-division of contracts into Lots**

- 7.4.1 The Dynamic Purchasing System will be formed of four categories encompassing the variety of journey types required by the client group. Bidders are open to bid for as many categories as they wish, and bids will be encouraged from smaller and local businesses and the third sector.

## **7.5 Contract Management:**

- 7.5.1 The contract will be managed by the Business Development and Support Manager for CFS, supported by the CFS Contracts Team. Regular quarterly review meetings will be used to review service delivery and performance against required service levels and Key Performance Indicators listed below (7.6).

## **7.6 Key Performance Indicators:**

7.6.1 Key Performance Indicators will be drawn up as part of the Contract Documentation and will ensure the following:

- The taxi contract provides safe service to all.
- Hackney Carriage Licences checked
- Drivers' Licences checked
- Valid Road Tax
- All drivers and passenger assistants to have enhanced DBS clearance (renewed every 3 years)
- MOTs and insurances in place
- Safety equipment in place and working (child locks, car seats, seatbelts, wheelchair clamps, RIP seats etc.)
- Passenger assistants provided when requested. Passenger assistants have in date enhanced DBS check (renewed every 3 years).
- Positive customer service feedback of the drivers and passenger assistants from service users
- Number and percentage of the Council's identified 'equality groups' employed on the contract
- Number and percentage of the Council's identified 'equality groups' using the services delivered under the contract
- Amount and percentage of spend with BME suppliers
- The taxi contract provides punctual service: taxis arrive at the pick-up point within 10 minutes of the specified time.
- Vehicles used for the provision of the service are in a good condition both inside and out.
- All drivers and passenger assistants are suitably attired.
- Monthly or quarterly journeys management information submitted to the Council in a timely manner.
- Provider's response to enquiries/ complaints in accordance with agreed timescales.
- Minimal number of complaints received from service users / staff.
- Vehicles used as part of the contract are low emissions compatible e.g. hybrid or electric cars etc.
- Minimal number of cancellations made by the supplier per month
- Drivers and passenger assistants have attended relevant Safeguarding training

These will also be measured using monthly contractor reports, quarterly contract monitoring meetings and service users' feedback.

7.6.2 KPIs will be managed as part of the regular contract monitoring process and via service user feedback. Monthly or quarterly journeys management information submitted to the Council in a timely manner. Providers response to enquiries and complaints will be in accordance with agreed timescales.

## **8. COMMENTS OF THE GROUP DIRECTOR FINANCE AND CORPORATE RESOURCES**

8.1 The recommendation of this report is to approve the procurement of a dynamic purchasing system (DPS) for the provision of Passenger Transport Services. The contract will be for three years with an option to extend for a further year (3+1). The contract value over the three year life of the contract is £5.4m. The new system will provide a competitive process which will ensure that the Council is receiving value for money from suppliers. Budgets are available across service areas in the Council to fund the new service, and any pressure that arises will need to be managed by service areas within the overall budgets.

- 8.2 Hackney Learning Trust (HLT) has a statutory obligation to provide home to school transport for eligible children, and transport services are also provided to vulnerable children and young people in both the Children and Families Service (CFS) and Adult Social Care (ASC). The bulk of the expenditure is from the HLT, and they are in favour of implementing the DPS. HLT Finance have confirmed that there is an identifiable budget for this purpose – which is used to pay for all SEND transport. In 2015 a procurement exercise was carried out which identified value for money suppliers that are currently being used. It is not anticipated that significant savings will be achieved through the implementation of the DPS as the market is currently very competitive.
- 8.3 Special Education Needs and Disability (SEND) transport is complex as transportation relates to pupils with special needs. The suppliers will need to know how to safely and correctly transport a child/ Young Person and may require safeguarding training and/or advice on how to do this. There will need to be a clear distinction between a non-SEND and SEND transport request as it may cost more to transport a child with special needs and the driver will need to have training.

## **9. VAT Implications on Land & Property Transactions**

Not Applicable

## **10. COMMENTS OF THE DIRECTOR OF LEGAL AND GOVERNANCE**

- 10.1 The services which are proposed to be procured in this Business Case Report have been assessed as Medium Risk. Therefore under paragraph 2.7.7 of Contract Standing Orders the procurement should be managed by Hackney Procurement Board. However, under paragraph 2.7.10 of Contract Standing Orders the Chair of Hackney Procurement Board has discretion to refer any Gateway Business Case or Contract Award for decision by Cabinet Procurement Committee if she or he deems it appropriate. The Chair of Hackney Procurement Board has exercised this discretion and this Business Case Report is being submitted to Cabinet Procurement Committee for approval.
- 10.2 The estimated value of the services in this Report is a maximum of approximately £7.2m over four years so is above the current threshold for services under the Public Contracts Regulations 2015 of £181,302. Therefore it will be necessary to publish an OJEU Notice in respect of their procurement.
- 10.3 It is proposed to procure a Dynamic Purchasing System (DPS) in respect of the services in this Report. A Dynamic Purchasing System is permitted under Regulation 34 of the Public Contracts Regulations 2015 and contracting authorities are required to follow the rules of the restricted procedure in order to do this. Under a DPS all the candidates satisfying the selection criteria shall be admitted to the system and would therefore be potential providers of services to the Council. Furthermore, the system must be open throughout the period of validity of the DPS to any economic operator that satisfies the selection criteria and therefore further potential providers may be added during its term.

## **11. COMMENTS OF THE PROCUREMENT CATEGORY LEAD**

- 11.1 This report provides the CPC with the outcome of the options appraisal conducted by Procurement and the service area teams to identify the preferred route to market to source Passenger Transport Services.
- 11.2 The estimated contract value for the contract period of 3 years is £5.4m with an option to extend for a further 1 year, a potential total contract value of £7.2m.
- 11.3 The preferred and recommended route to market is to undertake a restricted procedure to establish a Dynamic Purchasing System (DPS).
- 11.4 This procurement is above the EU threshold for services. An OJEU and Contracts Finder notice would be published. In addition the opportunity will be advertised on the Hackney Council Tender webpage and the information on the opportunity circulated to the industry.
- 11.5 The tender process would be managed by the Council Procurement Team and be supported in the evaluation by experienced service area managers.
- 11.6 Given the estimated potential total contract value for the service provision is £7.2m, advertising the opportunity on OJEU & Contracts Finder and undertaking a restricted procedure ensures that the Council procures compliantly with both the Council Standing Orders and The Public Contracts Regulations 2015.

## APPENDICES

Appendix 1 - Insourcing Considerations (Exempt)

### EXEMPT

By Virtue of Paragraph(s) 3 Part 1 of schedule 12A of the Local Government Act 1972 this report and/or appendix is exempt because it contains Information relating to the financial or business affairs of any particular person (including the authority holding the information) and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Appendix 1 - Insourcing Considerations (Exempt)

## BACKGROUND PAPERS

**In accordance with The Local Authorities (Executive Arrangements) (Meetings and Access to Information) England Regulations 2012 publication of Background Papers used in the preparation of reports is required**

### Description of document (or None)

None

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<p><b>PROCUREMENT OF BULK ROAD FUELS</b></p> <p><b>BUSINESS CASE</b></p> <p>Key Decision No FCR Q62</p>
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<p><b>CPC MEETING DATE</b></p> <p>11th March 2020</p>	<p><b>CLASSIFICATION:</b></p> <p>Open</p> <p>If exempt, the reason will be listed in the main body of this report.</p>
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<p><b>WARD(S) AFFECTED</b></p> <p>All</p>
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<p><b>CABINET MEMBER</b></p> <p>Cllr John Burke</p> <p>Energy, Waste, Transport and Public Realm</p>
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<p><b>KEY DECISION</b></p> <p>Yes</p> <p><b>REASON</b></p> <p>Affects Two or More Wards</p>
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## **GROUP DIRECTOR**

**Ian Williams, Finance and Corporate Resources**

### **1. CABINET MEMBER'S INTRODUCTION**

- 1.1 The Council uses road fuels within its vehicles for the provision of essential services to residents of the Borough. Whilst it is our long term aim to operate all Council fleet vehicles on electric energy, and are already operating 57 fully electric vehicles, it is acknowledged that electric vehicle technology is still not practically viable for all fleet vehicles either because of technical limitations in smaller vehicles or simply not yet available in larger specialist municipal vehicles.
- 1.2 For vehicles that cannot operate electric technology it is our aim to use an alternative fuel that is sustainable and environmentally beneficial. Historically, the Council has successfully utilised a high blend renewable biofuel saving hundreds of tonnes of CO2. The current contract expired in September 2019 and must be retendered to ensure continuity of supply. This report outlines the recommendation to use a superior high blend renewable biofuel until electric technology develops to allow wider implementation.

### **2. GROUP DIRECTOR'S INTRODUCTION**

- 2.1 This report details the requirement for the contracted supply of bulk road fuels, specifically renewable high blend biofuel and rebated gas oil (red diesel) for an initial 24 month period commencing 1st August 2020 with the option of two further extensions, each for a 12-month period. The use of this fuel in existing internal combustion engines will not only greatly contribute to our carbon reduction targets but also improve local air quality.

### **3. RECOMMENDATION(S)**

**Cabinet Procurement Committee is recommended to:**

- 3.1 **Note the various options considered for the procurement of Bulk Fuels.**
- 3.2 **Agree the procurement strategy detailed in this report and for officers to proceed with the procurement of a Framework, open to Hackney, City of**

**London and other London Boroughs, to identify and engage providers for the fuels required.**

#### **4. RELATED DECISIONS**

4.1 There are no related decisions regarding this procurement process.

#### **5. OPTIONS APPRAISAL AND BUSINESS CASE (REASONS FOR DECISION)**

5.1.1 The report sets out to seek approval for the procurement of contracted bulk vehicle fuel supply arrangements that meet current and future requirements. Fuel is a vital commodity which the Authority relies upon for use in its fleet vehicles and plant. The procurement of road fuel and rebated gas oil for plant and machinery has been an ongoing requirement for many years. The current contract expired September 2019.

5.1.2 This procurement focuses on identifying supply arrangements for high blend renewable biofuel (from waste) called Hydro-treated Vegetable Oil (HVO) and its rebated Gas Oil variant for off road machinery required over the next 24 months. This fuel is highly CO2 efficient reducing CO2 by over 80% prior to combustion and up to 12% after combustion (at the exhaust pipe), a total of circa 92%. It is also highly NOx efficient reducing NOx by up to 69% at the exhaust pipe.

#### **5.2 Benefits Realisation / Lessons Learned**

5.2.1 London Borough of Hackney has been proactively using renewable biofuels from waste for over 10 years saving 100's of tonnes of CO2. Early trials of FAME biofuel on just a few vehicles at a 30% blend (B30) proved successful and was progressed over time to 100% (B100) renewable FAME biofuel across most of the Waste Services HGV fleet of Euro IV and V emission standard vehicles.

Year	Total annual CO2 produced if no biofuel used (tonnes)	Total annual CO2 produced using FAME biofuels (tonnes)	CO2 savings achieved from using FAME biofuels (tonnes)	% savings
2010/11	2876.74	2843.32	33.42	1.16%
2011/12	2939.2	2798.76	140.44	4.78%
2012/13	3160.77	2973.09	187.68	5.94%
2013/14	3429.46	2884.12	545.34	15.90%
2014/15	3448.24	3094.56	353.68	10.26%

2015/16	3361.62	3054.08	307.54	9.15%
2016/17	3422.83	2572.88	849.95	24.83%

- 5.2.3 Unfortunately, in October 2017 our supplier of FAME biofuel went into administration and the replacement supplier couldn't provide fuel to an acceptable quality standard causing operational problems with all vehicles. We stopped using FAME at that time.
- 5.2.4 In parallel with using FAME biofuels, around early 2016 the Corporate Fleet Manager started investigating a new to market renewable biofuel from waste called Hydro-treated Vegetable Oil (HVO). HVO can be made from various waste organic matter including animal fats, fish fat, residues from vegetable oil including farm chaff and used cooking oil.
- 5.2.5 L B Hackney, already instrumental in the development of the London Mayors Biodiesel Programme (receiving a letter of commendation from the Deputy London Mayor) contributing to industry case studies; information videos and by 2016 was actively pushing the programme to explore and formally emission test Hydro-treated Vegetable Oil.
- 5.2.6 In partnership with TfL, 'LoCity' and the 'Low Carbon Vehicle Partnership' (LowCVP), L B Hackney carried out extensive trials of HVO, including numerous controlled emissions testing on one of our Euro VI diesel HGV's for different drive cycles at Millbrook Proving Ground with exceptional results.
- 5.2.7 The table below represents emissions testing on one of our Euro VI HGV's on a test cycle simulating a 'multi-stop' operation such as parcel delivery. It is important to note that these emissions results are 'tailpipe' emissions. HVO, being made from waste is already >80% CO2 efficient before it goes through the combustion process making it some 92% CO2 efficient when measured on a 'well to wheel' basis when benchmarked against standard road diesel.

Emissions (g/km)	CO	NOx	CO2	PM
Standard Road Diesel (EN590)	0.017	0.238	879.9	0.006
HVO	0.014	0.072	776.2	0.004
	<b>-17.65%</b>	<b>-69.75%</b>	<b>-11.79%</b>	<b>-33.33%</b>

- 5.2.8 L B Hackney's experience with renewable biofuels is well documented in numerous industry information/advisory papers including those from Energy Savings Trust, CENEX and many others. L B Hackney has been nominated or won up to 13 awards for its green fleet work over the last three years.

- 5.2.9 Hackney are replacing their complete fleet to the latest emissions technology 'practically' available. Most of the Council's LCV fleet are now Euro 6 compliant with the last few remaining awaiting delivery. Hackney also operate one of the largest electric vehicle fleets of the London local authorities with 57 EV's operated. Our EV's are supported by a charging infrastructure of 48 depot based charge points dedicated for fleet use ie not available for public use. We have also installed 5 home based charge points on a trial basis for drivers that take vehicles home.
- 5.2.10 We operate 3 petrol electric hybrid cars and 3 diesel electric hybrid vans although these vans should have gone off fleet last year.
- 5.2.11 We have concluded a procurement exercise with 57 HGV's ordered that will see our whole HGV fleet at Euro VI. (Euro 6 for cars & light commercials and Euro VI for truck; bus & coach are the highest vehicle emissions standards dictated by the EU). Our bus fleet is already at Euro VI. Our new compact mechanical sweepers delivered September 2019 are 'stage 5' (the highest emission standards available for mobile plant). All our non electric diesel engined vehicles can operate on 100% HVO with no modifications and no additional servicing requirements.
- 5.2.12 All our new Euro 6 LCV's and non electric cars are fitted with 'stop/start' systems meaning the engines will automatically switch off when stationary after a few seconds and switch back on again as soon as the driver needs to move off - usually activated by the clutch pedal.
- 5.2.13 Most of our HGV vehicles have specialist bodies requiring powered energy supplied by the motive engine. 'Stop/start' does not work particularly well for our HGV's because when the engine automatically switches off it also automatically disengages the power supply to the specialist body causing major operational delays to re-engage. Therefore, all new HGV's have been ordered with automatic shut off which is a system that automatically switches a vehicle off if it is idle for more than a few minutes (this time lag will be different for different vehicle types) but will not automatically switch vehicles back on again.
- 5.2.14 By September 2020 all Council fleet vehicles will be ULEZ compliant.

### **5.3 Strategic Context:**

- 5.3.1 One of Hackney's strategic priorities is to achieve 45% CO2 reduction by 2030 from its combined activities. Fleets environmental strategy is contributing to this target through a number of measures but predominantly through its use of alternative fuels.
- 5.3.2 It is our intention to continue to develop our electric vehicle fleet to include HGV's, ideally sourcing electricity from sustainable sources. We are one of the first

organisations to sign up to the 'Clean Van Commitment' aiming to have all our light commercial vehicles ULEV by 2028.

5.3.3 We have approximately 200 light commercial vehicles that utilise high street forecourts for refueling via fuel cards equating to approximately 300,000 litres of fuel annually. Logistics permitting we would like to divert as many of these to the bulk storage facilities at Millfields depot in due course or consider installing bulk fuel facilities at any new depot (particularly for Hackney Housing).

5.3.4 Through the use of HVO in all non electric vehicles the Council fleet has the potential to be 100% 'fossil fuel free' by 2021.

#### 5.3.5 Long term future aspirations

Our Fleet strategy is to reduce its carbon footprint and improve local air quality from fleet operations by:

- Eventually electrifying the whole Council fleet.
- Install appropriate charging infrastructure to support these electric vehicles to include provision of proper back office data.
- Minimise the number of vehicles that are taken home by drivers.
- Consider replacing vehicles with electric bikes where appropriate.
- Consider clean energy production from wind/solar/other? at key Council sites/depots.
- Consider the use of energy banks from electricity produced at key Council sites/depots.
- Continue to investigate alternative technology.

## 5.4 Preferred Option:

5.4.1 The preferred option for bulk fuel provision is to procure a contracted supply of Hydrotreated Vegetable Oil as a road fuel and also as a rebated Gas Oil (red diesel).

5.4.2 Acknowledging that HVO is relatively new to the UK market and supply chains may not be as robust as conventional diesel it is prudent to have a back-up fuel should HVO supply chains break down - see section on risks. Therefore, the Corporate Fleet Manager is recommending 'Gas To Liquid' (GTL) as a back up fuel.

5.4.3 GTL is chemically identical to HVO and therefore has the same environmental advantages as HVO post combustion ie up to 12% CO<sub>2</sub> and 69% NO<sub>x</sub> reductions at the tailpipe (depending on duty cycle).

5.4.4 However, whereas HVO is made from waste and is more than 80% CO efficient pre-combustion, GTL is made from natural gas (a fossil fuel) and therefore has zero pre-combustion benefits. That said, accepting that Hydrogen, Hydrogen Fuel

Cell and Liquid Air fuels are not practically available at this moment in time, GTL is the most environmentally friendly fuel after electric and HVO respectively, is readily available and only marginally more expensive than standard diesel.

5.4.5 The Corporate Fleet Manager is recommending:

Lot 1: Hydrotreated Vegetable Oil (HVO) as a road fuel meeting EN15940 quality standards. Note we will be specifying that our HVO is manufactured from waste and contains no virgin palm oil.

Lot 2: Hydrotreated Vegetable Oil (HVO) as a rebated Gas Oil meeting EN15940 quality standards.

Gas Oil from HVO is essentially the same as standard HVO road fuel except it is designed exclusively for 'Non Road Mobile Machinery' such as agricultural or construction plant. The fuel duty applied to gas oil is substantially less than that of normal road fuel and means the purchase price is less than half the price of road diesel. As such it is illegal to use in normal road going vehicles or road going plant. The fuel includes a tracing dye which if found in normal road going vehicles will attract severe penalties.

Lot 3: Gas To Liquid (GTL) as a road fuel meeting EN15940 quality standards.

Lot 4: Gas To Liquid (GTL) as a rebated Gas Oil meeting EN15940 quality standards.

Gas Oil from GTL is essentially the same as standard GTL road fuel except it is designed exclusively for 'Non Road Mobile Machinery' such as agricultural or construction plant. The fuel duty applied to gas oil is substantially less than that of normal road fuel and means the purchase price is less than half the price. As such it is illegal to use in normal road going vehicles or road going plant. The fuel includes a tracing dye which if found in normal road going vehicles will attract severe penalties.

## **5.5 ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED)**

5.5.1 The Council continually assesses various alternative fuels through participation in technical workshops; campaigns & programmes; networking with other proactive fleet operators; ride & drive events and actual vehicle trials within our own operations.

5.5.2 The Corporate Fleet Manager has attempted to provide a brief overview of other alternative fuels currently available but rejected.

5.5.3 Compressed Natural Gas

Compressed Natural Gas (CNG) is a fossil fuel predominantly from methane. Methane is a potent greenhouse gas which has a much higher global warming impact than Carbon Dioxide (CO<sub>2</sub>). CNG vehicles used in high density urban environments emit worse emissions than Euro VI diesel vehicles. CNG as a road fuel is only better than Euro VI diesel when the engine can be operated for long periods at its optimal engine speed and therefore may be environmentally beneficial when used in static generators or for long distance motorway vehicles but certainly not for city municipal vehicles whose duty cycles are predominantly stop/start. Gas engines produce lower noise levels than diesel engines.

5.5.4 CNG is stored at high pressure, 3,000 to 3,600 pounds per square inch (21 to 25 MPa). The vehicle fuel tank is larger and heavier impacting negatively on available payload and more costly than a conventional fuel tank.

5.5.5 Depot based CNG refueling stations are very expensive to install and take up substantial space compared to normal liquid fuel storage tanks. The refuelling station also requires high levels of energy (and therefore carbon inefficient) as the gas has to be stored at high pressure to enable fast refuelling of numerous vehicles in quick succession. Fast-fill stations may still require over 10 to 15 minutes to fill an HGV size vehicle tank.

#### 5.5.6 Liquid Natural Gas

Liquid Natural Gas (LNG) is natural gas that has been cooled to cryogenic temperatures to turn it into a liquid. Because of its cryogenic nature, it is stored in specially designed insulated tanks. These tanks operate at fairly low pressures (about 70-150 psi) compared to CNG. A vaporizer is mounted in the fuel system that turns the LNG into a gas (which may simply be considered low pressure CNG).

5.5.7 LNG has similar environmental properties to CNG when used as a vehicle fuel but has the advantage of increased mileage range by volume because of its denser nature but has the major disadvantage of having to be stored and handled at cryogenic temperatures.

5.5.8 LNG is not popular as a road fuel because it has a number of safety related difficulties which do not make for a practical alternative fuel. The operation of LNG exposes personnel to cryogenic temperatures. Workers can receive cryogenic burns from direct body contact with cryogenic liquids, metals and cold gas, although the risk of cryogenic burns through accidental exposure can be reduced by the use of appropriate PPE. Another unusual hazard associated with LNG is in the unlikely event of a large spill of LNG onto water. The hazard is known as a rapid-phase transition (RPT), which is a rapid transformation from the liquid phase to vapour. If significant vaporisation occurs in a short time period the process resembles an explosion.

5.5.9 Both CNG and LNG will expand within the vehicle fuel systems after periods of warm weather which if internal pressures reach critical levels must be 'vented off'



via a pressure relief system to prevent the fuel system bursting. Under these conditions methane will be vented to the atmosphere which is highly damaging from an environmental point of view.

#### 5.5.10 Biogas

It should be noted that both CNG and LNG can be provided as a biogas which is a mixture of gases produced by the breakdown of organic matter in the absence of oxygen. Biogas can be produced from raw materials such as agricultural waste, manure, municipal waste, plant material, sewage, green waste and food waste.

5.5.11 Biogas is produced by anaerobic digestion or fermentation of some forms of biodegradable materials as described above. Biogas is primarily methane and carbon dioxide which can be combusted or oxidized with oxygen. This energy release allows biogas to be used as a vehicle fuel.

5.5.12 Biogas like biodiesel is a renewable energy source which is highly CO<sub>2</sub> efficient before combustion in an internal combustion engine but has few post combustion benefits as described in paragraph 5.5.3.

#### 5.5.13 Liquid Petroleum Gas

Liquefied Petroleum Gas (LPG) is a mixture of propane 93% and butane 7%, which occurs naturally in gas fields, where it is usually flared off during natural gas extraction, and is also produced during the oil refining process. LPG is a gas at room temperature but is stored under pressure as a liquid in order to achieve higher fuel densities.

5.5.14 Apart from the fuel storage and delivery mechanisms, LPG engines are very similar to petrol engines, and deliver similar performance. Most LPG conversions are to cars or light commercial vehicles - not being particularly suitable for heavy duty engines. Almost all LPG vehicles sold in the UK can operate as dual-fuel vehicles – enabling changing over to operate on petrol at the flick of a switch.

5.5.15 Fuel is delivered to the engine as a gas from separate fuel tanks, controlled by a regulator. LPG liquefies readily under light pressure, so fuel tanks and supply hoses are not exposed to the very high pressures associated with other compressed fuels.

5.5.16 Emissions vary depending on the quality of the LPG system used. In the 1990's air quality benefits were promoted over petrol and diesel engines but with developments in traditional ICE technology, the environmental benefits of LPG have been substantially reduced and are generally considered worse than standard Euro 6 petrol and diesel.

5.5.17 The fuel infrastructure for gas as a road fuel has never been good. LPG is available from nearly 1500 high street forecourts nationally but none in Hackney.

#### 5.5.18 Hydrogen and the Dearman Engine

Hydrogen is a versatile fuel that can be used in either adapted internal combustion engines or fuel cell vehicles. Direct use in an internal combustion engine would emit only a small amount of NOx and no CO2 at all. Hydrogen powered vehicles are credited with the potential to eliminate toxic emissions, greenhouse gases and noise pollution, with the only emission from the tailpipe being water vapour.

5.5.19 Unfortunately, whilst hydrogen is an extremely clean fuel it is highly energy intensive and costly to create. When measured on a 'well to wheel' basis hydrogen may not be any cleaner than standard Euro 6 petrol / diesel as a road fuel. There is lots of research taking place to identify alternative processes to make hydrogen but these are unlikely to be commercially viable for many years. Availability of suitable vehicles and refuelling infrastructure are both not commercially ready for market yet.

5.5.20 The technical principles of the Dearman engine are also very attractive with zero emissions produced at the tailpipe. In a similar process to LNG, air is frozen to cryogenic temperatures whereby the Oxygen boils off early leaving Nitrogen in liquid form. This is injected into an engine, similar in design to an internal combustion engine, at ambient temperature. The difference in temperature between the injected cryogenic Nitrogen and the ambient engine causes an explosion similar in expansion to the physical properties of internal combustion.

5.5.21 Unfortunately, whilst the Dearman engine is extremely emissions clean the creation and storage of cryogenic Nitrogen is extremely expensive and the engine is not yet commercially available for mainstream vehicles.

### **5.6 Success Criteria/Key Drivers/Indicators:**

5.6.1 There are no statutory targets for the provision or use of bulk road fuels. However, the Council does have its own target of 45% CO2 reduction (from its combined activities) by 2030 and these recommended road fuels will make a sizable contribution to that target.

5.6.2 The Corporate Fleet Manager is aiming to increase the number of vehicles using HVO renewable fuel and therefore improve CO2, NOx and PM savings.

5.6.3 For logistical reasons some fleet vehicles are still refuelling at high street forecourts through the use of fuel cards. Subject to the reaction of residents near Millfields depot we will be working towards all non electric fleet vehicles refuelling at the depot to capitalise on the emissions benefits of the recommended fuels.

5.6.4 With depot/site restructures there may be scope to install bulk fuel storage tanks at any new long term operating depots.

5.6.5 The Council still operate a small number of petrol and petrol electric hybrid vehicles. Excluding these, if all other non electric vehicles migrate to HVO renewable fuel then we can promote our fleet as 'diesel free'. Once the petrol element has gone through natural fleet replacement we can promote our fleet as totally 'fossil fuel free'.

## **5.7 Whole Life Costing/Budgets:**

5.7.1 Although biodiesel, including HVO is not related to standard diesel pricing (because it is affected by the cost of waste organic materials such as cooking oil) market testing is suggesting HVO is being priced using standard diesel as a baseline benchmark ie HVO will cost a fixed price relative to standard fuel and will fluctuate accordingly.

5.7.2 The price of standard road fuel can vary considerably due to influences such as fuel duty, market pressures and wider global events, particularly more recently being affected by trade tariffs, currency exchange, international political tensions and the global commerce desire to migrate to alternative energy sources.

5.7.3 The actual prices charged will reflect market prices at the time orders are placed. At the time of writing, road fuels are currently priced at approximately £1.03/litre + vat. (Gas Oil £0.56/litre + vat). Market testing is suggesting HVO will be approximately £0.20/litre more expensive than standard fuel.

5.7.4 The annual bulk fuel demand from Millfields depot is approximately 1.030million litres (used by Waste, Parks & Hygiene services). A further 0.235 million litres is used by numerous services via high street forecourts. Therefore, HVO could increase the Councils road fuel expenditure by an additional £206k for Millfields depot and if all fuel card users diverted to Millfields (or other onsite storage facility for HVO) would add a further £47k.

5.7.5 The Framework will be made available to all London Boroughs and it will be a requirement of the tender process that suppliers offer a discounted unit rate when new Boroughs join the Framework.

## **5.8 Policy Context:**

5.8.1 This procurement supports various Hackney Councils policies and emissions reduction targets that cover improvement to local air quality and best value principles such as the Local Implementation Plan 2019 - 2022 that builds on from

the Transport Strategy 2015 -2025 and the Air Quality Action Plan (AQAP), specifically AQAP action points 27 and 32.

5.8.2 It also supports London centric policies for air quality, in particular the forthcoming Emissions Reduction (Local Authorities in London) Bill [HL] 2019-20

**5.9 Consultation/Stakeholders:**

5.9.1 The main stakeholder for the use of bulk fuels is Waste Services who has been fully consulted on the renewal of the bulk fuels contract and the desire to extend the use of renewable biofuel with the aim of reducing CO2 from fleet vehicles. There are no TUPE issues associated with this procurement.

**5.10 Risk Assessment/Management:**

5.10.1 Acknowledging HVO is not well known in the UK and will still take some years to become established the Corporate Fleet Manager is suggesting a reserve fuel supplier in the unlikely situation of supply chain failure utilising a fuel called ‘Gas To Liquid’ (GTL) which is chemically identical to HVO and therefore has the same post combustion emission benefits ie upto 12% CO2 reduction and 69% NOx reduction. However, it is made from natural gas and therefore has no pre-combustion emission benefits and technically is still a fossil fuel.

5.10.2 Used cooking oil (UCO) is widely used as one of the core feedstocks for renewable biodiesel which is acknowledged as a green fuel source. However, there are supply chain uncertainties suggesting virgin palm oil may be used instead of waste.

5.10.3 To mitigate this risk the Council will endeavour to question/challenge the bidders certification and/or traceability of their supply chains for the fuels raw materials and feedstocks during the tender process. The core fuel specification will require Renewable Energy Directive 2009/28/EC superseded by Renewable Energy Directive II 2018/2001/EU and the Fuel Quality Directive 2009/30/EC standards to be met - a summary of which are provided at Appendix A.

Risk	Likelihood	Impact	Overall	Action to avoid or mitigate risk
<b>L – Low; M – Medium; H - High</b>				

Supply failure due to availability of primary fuel choice.	<b>M</b>	<b>L</b>	<b>L</b>	Ensure a reserve fuel type with good environmental qualities is available.
Quantities of virgin palm oil are used as a source feedstock in HVO.	<b>L</b>	<b>L</b>	<b>L</b>	Fuel specification will request only waste products to be used in the HVO. Request suppliers provide certification and/or traceability of their supply chains for the fuels raw materials and feedstocks.
Price variations throughout the contract period due to global market fluctuations.	<b>H</b>	<b>H</b>	<b>H</b>	Identify provisions to support budgets if required.
Price variations throughout the contract period due to supplier margin fluctuations.	<b>L</b>	<b>M</b>	<b>L</b>	Contract T&C's to fix supplier margins.
Insufficient interest from suppliers.	<b>M</b>	<b>M</b>	<b>M</b>	Advertise EU wide
Inconsistent blend or quality of fuel.	<b>L</b>	<b>M</b>	<b>M</b>	Ensure fuel is consistent with EU standards EN15940.
Decrease in requirements (volumes) of the fuel types.	<b>L</b>	<b>L</b>	<b>L</b>	The contracts will be for 24 months initially, with the option to extend twice, for 12 months at a time.

## **5.11 Market Testing (Lessons Learnt/Bench Marking):**

- 5.11.1 Market testing suggests that whilst HVO is well established in mainland Europe and the USA it is not widely known or sought in the UK and therefore the market supply for HVO is narrow with only a handful of suppliers likely to bid.
- 5.11.2 Crown Commercial Services have a cost effective framework for standard road diesel but no scope for provision of HVO or GTL.

## **5.12 Savings:**

- 5.12.1 No specific financial savings will arise through this procurement. The approach that will be adopted is to ensure the most cost effective supplier, i.e. the supplier that provides the lowest margin and also able to meet Hackney's ordering delivery processes.
- 5.12.2 The use of renewable HVO fuel will provide very high levels of CO<sub>2</sub> and NO<sub>x</sub> savings relative to standard fossil fuels with the potential to save over 3000 tonnes of CO<sub>2</sub> if all vehicles operate on this fuel.

## **6. SUSTAINABILITY ISSUES**

### **6.1 Procuring Green**

- 6.1.1 CO<sub>2</sub> emissions from using HVO in Council vehicles will be assessed every month as part of CO<sub>2</sub> monitoring. The CO<sub>2</sub> saved by using HVO in vehicles that usually refuel from Millfields bulk storage tanks should be in the region of 2500 tonnes. If all vehicles currently using fuel cards were to operate on HVO a further 570 tonnes of CO<sub>2</sub> could be saved.

### **6.2 Procuring for a Better Society**

- 6.2.1 There are no local economic issues. However fuel purchases are made at the average market price at the time of order. The contract will deliver prices using standard road fuel as the benchmark plus the supplier's margin. It means that fuel prices received will vary with wholesale price movements throughout the course of the contract.

### **6.3 Procuring Fair Delivery**

- 6.3.1 There are no specific equalities issues with this procurement.

## **6.4 Equality Impact Assessment and Equality Issues**

6.4.1 There are no specific equalities issues with this procurement.

## **7. PROPOSED PROCUREMENT ARRANGEMENTS**

### **7.1 Procurement Route and EU Implications:**

7.1.1 A number of routes were considered for this contract, but it was determined that procuring a Framework via an Open EU process would lead to the best outcome. The market for alternative fuel suppliers is reasonably limited, making an open procedure a viable option.

7.1.2 The use of an external Framework considered, however there was not a Framework available which met the Council's needs in terms of the types of fuel required.

7.1.3 A stand alone tendering process was considered however, the service requires a back up option should the Council's appointed supplier become unavailable. The use of Framework with a number of lots allows us to appoint a number of suppliers which can meet all requirements.

7.1.4 Allowing other London Boroughs and City of London (all will be named on the OJEU notice) to access the Framework will support the environmental agendas highlighted in this report and provide financial benefits through economies of scale. The higher volume of fuel required by multiple Boroughs will result in a reduced per unit cost. The value of the Framework as required to be included on the OJEU notice will be calculated based on information from Boroughs and City of London on their current fuel requirements, combined with an assessment of Hackney's current use, to forecast demand over the possible four year period. This will form part of the tender process with bidders asked to state how their unit costs will be reduced if new Boroughs and City of London join the Framework. Questions will also address how suppliers will manage increased demand and ensure supply is consistent and reliable for all Framework users.

7.1.4 Detailed specification documents and clear Call-Off processes are being developed and will be confirmed with Legal and all stakeholders prior to tender launch.

### **7.2 Resources, Project Management and Key Milestones:**

7.2.1 A project team will be put together incorporating representatives from Fleet Management, Procurement and Finance to conduct an effective evaluation process. Key stakeholders such as Waste services and Housing will be involved in

the review of the specifications and where relevant the terms and conditions of the contract.

<b>Key Milestones</b>	
CPC Meeting Date	11th March 2020
OJEU Advert placed	12th March
Invitation to Tender Launched	16th March
Closing date for Tenders	20th April
Evaluation	22nd April - 6th May
Contract Award Report considered at CPC	July 2020
Standstill Period	Approx 15th - 25th July
Contract start	Approx 1st August 2020

### **7.3 Contract Documents: Anticipated contract type**

7.3.1 The following contract documents are currently being developed by the project team, in partnership with Legal: the Invitation to Tender, OJEU Notice, Tender Response Form, Pricing Schedule and Specification. A Framework Agreement incorporating a Call Off contract will be drawn up and will form the Terms and Conditions. These documents will clearly set out the requirements, the KPIs and the monitoring regime of the service.

7.3.2 The Legal team will also be requested to draw up the legal documentation to allow other Boroughs to access the Framework. It is preferred that the Council's role in the management of this element is minimal and so contractual arrangements will



be between the customer Borough and the supplier, with Hackney responsible for the overarching Framework Agreement only.

#### 7.4 Contract Management:

7.4.1 The contract will be managed by the Fleet Management Unit (FMU), led by the Fleet Manager. Support regarding the operation of the Framework will be provided, if needed, by Procurement (the Finance and Resources Category team) and Legal.

7.4.2 The FMU will hold regular meetings with the suppliers in order to manage and monitor performance, in line with the targets set out in section 7.5 below.

7.4.3 As stated in 7.3.2 above, the Council will manage its own Call-Off contracts and the overarching Agreement but will not be involved in the contract and relationship management between other Boroughs using the Framework and suppliers.

#### 7.5 Key Performance Indicators:

Main KPI Targets Set	Monitoring
1. Deliveries are full quantities ordered	Monitored by the ordering officers and reported by default.
2. Deliveries arrive at agreed date and time	
3. Deliveries are made in full compliance with Health and Safety requirements and any breaches are reported	Monitored by ordering officers and reported by default. Delivery points monitored by supplier and defects reported to contract administrator.
4. Fuel meets EU quality standards	Periodic independent testing of fuel managed by Fleet Management Unit.

5. Invoices are rendered in a timely and accurate fashion.	Monitored by the ordering officers and reported by default.
6. Invoices are paid within 30 days of receipt.	Monitored by central finance as part of the Council's payment performance.
7. Customer complaints/issues dealt with in an efficient and effective manner in accordance with agreed procedure and timescales.	Monitored by the supplier.

## **8. COMMENTS OF THE GROUP DIRECTOR FINANCE AND CORPORATE RESOURCES**

8.1 This report requests approval to proceed with the procurement of a Framework, open to Hackney and other London Boroughs, to identify and engage providers for the fuels required.

8.2 The current cost incurred on fuel for the councils fleet of vehicles is approximately £1.25m, a combination of usage of Millfields bulk storage tanks and also via use of Fuel purchase cards. This cost is recharged to Service area's monthly based on usage.

8.3 The council is committed to reducing emissions and air pollution for the benefit of all of its residents and also in order to contribute to tackling the wider climate emergency. The procuring of a HVO fuel as proposed will cost around 20%/£250k more annually than a conventional fuel purchase but will clearly contribute significantly towards reducing our carbon footprint and use of fossil fuels.

8.4 The Framework will be open to other London Boroughs and there is a possibility of reducing unit costs if other boroughs join but it is not clear how much this will reduce the overall cost.

8.5 Final costs should be reviewed with Finance once the Procurement has taken place before selection of the supplier is finalised.

## **9. VAT Implications on Land & Property Transactions**

- 9.1 As London Borough of Hackney will be buying fuel from a supplier, the onus is upon the supplier to determine the VAT liability of supply.  
If the Council were to sell on fuel that it had purchased to anyone then this would be standard rated for VAT purposes. This Framework will not sell on fuel; the interactions will all be directly between the supplier(s) and the respective Borough / City of London.

## **10. COMMENTS OF THE DIRECTOR OF LEGAL AND GOVERNANCE**

- 10.1 The procurement process in this report has been assessed as High Risk and therefore pursuant to paragraph 2.7.10 of Contract Standing Orders the approval to progress to market will be with the Cabinet Procurement Committee.
- 10.2 The value of the goods in this Report is above the current threshold of £189,330 under Regulation 5 of the Public Contracts Regulations 2015 and therefore it will be necessary to publish an OJEU notice in respect of the supply of such goods.
- 10.3 It is proposed to establish a framework agreement for the supply of bulk fuels which can be used by all other London Boroughs in addition to the Council. Such arrangements would be subject to the provisions of Regulation 37 of the Public Contracts Regulations 2015 which permits a contracting authority to act as a centralised purchasing body to allow the provision of supplies to other parties. All such other parties will need to be clearly identified in the OJEU notice and tender documentation, pursuant to Regulation 33(5) of such Regulations, and the scope and estimated value of the framework agreement will also need to be included in such documents to ensure the Council complies with the principle of transparency.
- 10.4 The Council intends that in the event of other London Boroughs placing an order for supplies under the framework agreement such London Borough will contract directly with the supplier rather than involve the Council in the contractual arrangement.

## **11. COMMENTS OF THE PROCUREMENT CATEGORY LEAD**

- 11.1 The requirement for the contracted supply of bulk road fuels, specifically renewable high blend biofuel and rebated gas oil (red diesel) for an initial 24 month period commencing 1st August 2020 with the option of two further extensions, each for a 12-month period is supported. The use of this fuel in existing internal combustion

engined vehicles will not only greatly contribute to our carbon reduction targets but also improve local air quality. This initiative will assist with one of Hackney's strategic priorities is to achieve 45% CO2 reduction by 2030 from its combined activities. It is agreed that procuring a Framework via an Open EU process would lead to the best outcome.

**APPENDICES**

**Appendix A - Directives Summary (Public)**

**EXEMPT**

Not Applicable

**CONFIDENTIAL**

Not Applicable

**BACKGROUND PAPERS**

**In accordance with The Local Authorities (Executive Arrangements) (Meetings and Access to Information) England Regulations 2012 publication of Background Papers used in the preparation of reports is required**

**Description of document (or None)**

None

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# **Cabinet Procurement Committee**

**11 MARCH 2020**

## **Procurement of Bulk Road Fuels**

**Key Decision No. FCR Q.62**

### **Appendix 1**

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## Appendix A

### **Directives Summary**

This appendix provides a very brief summary of the Renewable Energy Directives and Fuel Quality Directive as applicable specifically to the transport sector:

#### Summary of the Renewable Energy Directive 2009/28/EC

The Renewable Energy Directive 2009/28/EC is a European Union directive which mandates levels of renewable energy use within the European Union. The directive was published on 23 April 2009 and amends and repeals the 2001 Directive on Electricity Production from Renewable Energy Sources 2001/77/EC. The directive requires that 20% of the energy consumed within the European Union is renewable. This target is pooled among the member states.

EU leaders had already reached agreement in March 2007 that, in principle, 20% of the bloc's final energy consumption should be produced from renewable energy sources by 2020 as part of its drive to cut carbon dioxide emissions. This policy later became part of the EU 2020 Energy Strategy dated 10 November 2010. The key objectives of the strategy are to reduce carbon dioxide emissions by 20%, to increase the share of renewable energy to 20%, and to achieve energy savings of 20% or more. The targets are mutually dependent.

#### Summary of the Renewable Energy Directive II 2018/2001/EU

In RED II, the overall EU target for Renewable Energy Sources (RES) consumption by 2030 has been raised from the originally proposed 27% to 32%. The Commission's original proposal did not include a sub-target for RES in the transport sector, however this has been reintroduced in the final agreement:

Member states must require fuel suppliers to supply a minimum of 14% of the energy consumed in road and rail transport by 2030 as renewable energy. The exact trajectory to achieve these targets will be defined for each member states in the Integrated National Energy and Climate Plans. These plans will be designed by each member state following the guidelines set out in the Energy Union Governance Regulation.

Within the 14% transport target, there is a sub-target for advanced biofuels produced from feedstocks in Part A of Annex IX. These fuels must be supplied at a minimum of 0.2% of transport energy in 2022, 1% in 2025 and increasing to at least 3.5% by 2030.

Advanced biofuels will be double-counted towards both the 3.5% target and towards the 14% target. Biofuels produced from feedstocks in Part B of Annex IX will be capped at 1.7% in 2030 and will also be double counted towards the 14% target.

Feedstocks included in Annex IX are as follows:

Part A (i.e. advanced biofuels):

- Algae, if cultivated on land in ponds or photobioreactors;
- Biomass fraction of MSW from unsorted household waste;
- Bio-wastes separately collected from households;
- Biomass fraction of agro-industrial waste not fit for food or feed;
- Straw;
- Animal manure;
- Sewage sludge;
- Palm oil mill effluent and empty palm fruit bunches;
- Tall oil pitch;
- Crude glycerine;
- Bagasse;
- Grape marcs and wine lees;
- Nut shells;
- Husks;
- Cobs cleared of kernels of corn;
- Waste and residues from forestry and forest industries:
  - bark,
  - branches,
  - pre-commercial thinnings,
  - leaves,
  - needles,
  - tree tops,
  - saw dust,
  - cutter shavings,
  - black liquor,
  - brown liquor,
  - fibre sludge,
  - lignin, and
  - tall oil;

- Other non-food cellulosic material, including for instance perennial grasses, but also non-starchy cover crops before and after main crops as well as ley crops. This category also includes industrial residues after the extraction of vegetable oils, sugars, starches and proteins.
- Other ligno-cellulosic materials, including for instance woody short rotation crops, pulp logs and other forest-based biomass, but excluding veneer logs and saw logs.

#### Part B:

- Used cooking oil
- Animal fats with high risk for human health (Category 1) and animal fats suitable for soil enhancement and chemical industry (Category 2)

## Summary of the Fuel Quality Directive 2009/30/EC

Fuels used for road transport in the EU have to meet strict quality requirements to protect human health and the environment. Common fuel quality rules help reduce greenhouse gas and air pollutant emissions and establish a single fuel market to ensure that vehicles can operate everywhere in the EU on the basis of compatible fuels.

The Fuel Quality Directive applies to

- petrol, diesel and biofuels used in road transport
- gasoil used in non-road-mobile machinery.

The Fuel Quality Directive requires a reduction of the greenhouse gas intensity of transport fuels by a minimum of 6% by 2020. Together with the Renewable Energy Directive, it also regulates the sustainability of biofuels. Emissions reporting covers the full life-cycle whereby the greenhouse gas intensity of fuels is calculated on a life-cycle basis covering emissions from extraction, processing and distribution. Emissions reductions are calculated against a baseline set in 2010.

The 6% reduction target is likely to be achieved primarily through:

- the use of biofuels, electricity, less carbon intense fossil fuels, and renewable fuels of non-biological origin (such as e-fuels)
- a reduction of upstream emissions (such as flaring and venting) at the extraction stage of fossil feedstocks.

#### Biofuel sustainability

For biofuels to count towards the greenhouse gas emission reduction targets, they must meet certain sustainability criteria to minimise negative impacts in their production phase.

Until 31 December 2020, the Fuel Quality Directive and the Renewable Energy Directive set out the following requirements:

- Greenhouse gas emissions from biofuels must be lower than from the fossil fuel they replace – at least 50% (for installations in operation before 5 October 2015) and 60% for installations starting operation after that date.
- The feedstocks for biofuels cannot be sourced from land with high biodiversity or high carbon stock.

Rising demand for biofuels can displace the production of food and feed crops, and induce the conversion of land, such as forests and wetlands, into agricultural land, thus indirectly leading to increased greenhouse gas emissions.

These emissions from indirect land use change (ILUC) can significantly reduce or even wipe out the greenhouse gas savings from biofuels. To account for this, the amount of biofuels produced from cereal and other starch-rich crops, sugars and oil crops and from energy crops grown on agricultural land that can be counted as a sustainable source of renewable energy is limited to 7% of the energy in transport in the Member States in 2020. The legislation also governs other elements of fuel quality, primarily linked to air pollutant emissions.



<p><b>BUSINESS CASE: Young People’s Supported Accommodation Pathway</b></p> <p><b>Key Decision No. CACH Q51</b></p>			
<p><b>CPC MEETING DATE</b> (2019/20)</p> <p><b>11 March 2020</b></p>	<p><b>CLASSIFICATION:</b></p> <p>OPEN with EXEMPT APPENDICES 2, 4, 5 &amp; 6</p> <p>By Virtue of Paragraph(s) 3, Part 1 of schedule 12A of the Local Government Act 1972 appendices 2, 4, 5 &amp; 6 are exempt because they contain information relating to the financial or business affairs of any particular person (including the authority holding the information) and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p>		
<p><b>WARD(S) AFFECTED</b></p> <p>All Wards</p>			
<p><b>CABINET MEMBER</b></p> <p><b>Cllr Anntoinette Bramble</b> Deputy Mayor and Cabinet Member for Education, Young People and Children's Social Care</p>			
<p><b>KEY DECISION</b></p> <p>Yes</p> <p><b>REASON</b></p> <p><b>Affects two or more wards and spending &amp; saving</b></p>			

**GROUP DIRECTOR**

**Anne Canning, Group Director Children, Adults and Community Health**

**1. CABINET MEMBER'S INTRODUCTION**

- 1.1. This report proposes the procurement of several contracts to form a pathway of supported accommodation for Hackney looked after children, care leavers and homeless young people. This is a joint procurement with Housing and Adults Social Care led by the Children and Families Service that will support a seamless transition throughout a young person's journey to independent living.
- 1.2. Providing 16-21 year old care leavers with suitable accommodation that is tailored to their needs is essential in supporting them with their transition to adulthood. Whilst some care leavers return home or "stay put" with their foster carer, many move to more independent accommodation that comes with varying levels of key-worker support (semi-independent accommodation). This proposal will ensure that for those care leavers who need it, there is access to a range of semi-independent accommodation options that are of a high standard and deliver the best value for money.
- 1.3. This report will support the delivery of a consistent high quality support and accommodation service, introduce the use of evidenced based psychologically informed environments or similar approaches to provide young person centred, wrap around support that will make a significant impact in how young people experience supported accommodation.

**2. GROUP DIRECTOR'S INTRODUCTION**

- 2.1. The Council has a legal obligation under the Children Act 1989 to provide suitable accommodation for looked after children and to provide support to care leavers under the Children (Leaving Care) Act 2000; this support includes the provision of suitable supported independent accommodation.
- 2.2. The proposed procurement arrangement will support Hackney to meet its sufficiency duty in line with increases in the numbers of looked after children and care leavers and facilitate the implementation of a robust quality assurance framework to monitor the performance of providers who are operating in an unregulated market. It is also anticipated that a block contract

will secure support and accommodation at rates that are more competitive than the existing spot purchasing arrangements. The Young People's Supported Accommodation Pathway will ensure the delivery of high quality placements and support for the most vulnerable young people in Hackney. The services will be innovative, efficient and fit for the future, preparing young people for independent living, increasing their quality of life and supporting young people to maintain their engagement in their local communities.

- 2.3. The procurement seeks to commission accommodation based support for the young people's supported accommodation pathway. The successful providers will be providing the accommodation needed for the pathway for each lot.
- 2.4. These procurements will focus on meeting our statutory obligation as Corporate Parents and will focus on supported accommodation for young people aged 16-21. Accommodation and support for single homeless young people 21+ will continue to be provided for by Adults Social Care through the Single Homeless Pathway.

### **3. RECOMMENDATION(S)**

- 3.1. Cabinet Procurement Committee is recommended to:
- 3.2. Agree to the competitive procurement, with five lots, for a young people's supported accommodation pathway. The term of contract will be 5 years with an option to extend for a further 2 years (5 +1 +1 years). The estimated annual contract value is £1.4m-£2m for 96-140 places for young people.
- 3.3. Agree to the later procurement of a separate Lot 6 for ad hoc services, with an estimated annual contract value of approximately £300,000.

### **4. RELATED DECISIONS**

- 4.1. **Key Decision No. CACH P9** Re-Tendering of Housing Related Support Contracts, Business case. September 2018
- 4.2. **Key Decision No. CACH P72** Hackney Housing Related Floating Support Service, Contract Award Report. March 2019
- 4.3. **Key Decision No. CACH Q29** Mental Health - Accommodation Based Housing Related Support, Contract Approval. December 2019

### **5. OPTIONS APPRAISAL AND BUSINESS CASE (REASONS FOR DECISION)**

- 5.1. The two contracts for the provision of Children and Young People's Accommodation Based Services are coming to an end in December 2020. This gives us an opportunity to redesign the current accommodation pathway

and undertake a competitive procurement process. The redesign will also allow us to align our spot purchase arrangements which currently fall outside of these two contracts. This is also an opportunity to increase the size of the contract to support the Council in meetings its sufficiency strategy and in managing the overspend in this area.

- 5.1.1. These two contracts have been in place since 2013 with little change to the specification. This service is no longer meeting the complex needs of our young people that require supported accommodation. Following the reduction of the size of the service in 2017 (147 places to 64), the number of placements available within the contract is not sufficient to meet the increase in demand of these services. This has placed increased pressure on Children and Families Service (CFS) to find alternative accommodation with private providers, who are usually out of borough, for a large proportion of looked after children and care leavers who would have previously accessed this provision. The spot purchase arrangements for accommodation cost the Council significantly more money than the contracted arrangements.
- 5.1.2. The commissioning responsibility of these young people's services has transferred from Adults Services to CFS who are now leading on the redesign and the commissioning and procurement of the pathway for young people up to the age of 21. The responsibility for homeless young people aged 21 to 25 is still held within the Adult Social Care Single Homeless Pathway.
- 5.1.3. A CFS working group was set up to review our current services and assess our needs and demand for supported accommodation for looked after young people and care leavers. The group considered, the affordability of the accommodation, upkeep of the building and external spaces, the state of repair of furnishings and facilities, the hourly rate for key-workers, the outcomes being achieved by young people, the attitude and capabilities of staff and their ability to flexibly respond to young people's needs. The review revealed considerable inconsistencies with quality and cost in the current services. The group made recommendations for outcomes and minimum standards which have been fed into the specification for this procurement.
- 5.1.4. The working group also informed the development of a new pathway structure that was based on the needs of young people using the service and those of the internal stakeholders referring young people needing those services. Young people from Hackney's Children in Care Council (Hackney of Tomorrow) also participated in the working group and contributed to the development of the pathway model.
- 5.1.5. Hackney of Tomorrow completed an independent consultation directly with young people living in supported independent accommodation and their findings and recommendations have formed a key part of the specification for this service.
- 5.1.6. **See Appendix 1 for Young people's consultation.**

## **BACKGROUND**



- 5.1.7. The young people referred to in this report are mainly looked after children aged 16 and 17 and care leavers over 18 but may also include young people aged 16 and 17 who have experienced homelessness but do not become looked after.
- 5.1.8. Most young people will not have developed sufficient life skills to enable them to move directly into independent living from foster care, residential care or their family home. In order to help them make the transition to independent living, LBH is required under *The Children Act 1989* and *The Children (Leaving Care) Care Act 2000* to make available a range of accommodation options that are appropriate for their needs. From the age of 16, a placement in semi-independent accommodation can be made following consideration for the young person's wishes and feelings and an assessment which concludes that the young person's needs would be best met in this type of placement.
- 5.1.9. CFS is dedicated to supporting young people to remain in foster care for as long as possible and as long as this is in the best interest of the young people. On 31 March 2019, 25 young people were living in 'staying put' arrangements, a 56% increase compared to 9 young people at the end of March 2014. Recent analysis has highlighted the level of financial support to continuing foster carers as having a key impact on performance in this area.
- 5.1.10. As outlined in the *CFS Sufficiency Strategy 2019*, Service Managers have reviewed the current Staying Put policy and proposed an increase to the staying put allowance following feedback from carers and former carers to understand what offer would better support performance. The Service implemented new arrangements from September 2019 and expects this will increase the number of young people 'staying put' with their former foster carers.
- 5.1.11. Semi-independent accommodation ranges from shared housing with 24/7 key-worker support through to self-contained shared flats with visiting key-worker support. The aim of semi-independent accommodation is to offer young people the opportunity to take on more responsibility for their own care and to prepare them for their transition to adulthood and more independent accommodation. Some of the key skills young people should develop whilst living semi-independently include managing personal finances, cooking healthy meals, keeping safe and healthy, developing positive relationships, paying utility bills, claiming appropriate benefits, cleaning and engaging in education, training and/or employment. Some young people will also require high levels of support in relation to their emotional and behavioural needs.
- 5.1.12. Currently semi-independent accommodation comes from a combination of block contracts and spot purchasing. The block contracts are with registered social housing landlords who provide 64 in-borough semi-independent places for young people aged 16-24; these places are accessed by both Housing and CFS.

- 5.1.13. Additional placements for Looked After Children & Care Leavers are spot purchased from private sector providers for a variety of reasons; when it is not safe for a young person to be placed in-borough, when there are no available units within the block contract or when a young person's needs are too complex/specialist to be managed by the block contract. Placements are also spot purchased when it is not appropriate for 16/17 year olds to live alongside older young people or in mixed gender accommodation. In all cases, the decision of where a young person should live always considers the best interests of young people, taking into account their views, how much support they need, their level of vulnerability, their risk to others and their connection to the local area as some young people leaving care have spent a significant amount of time in care placements outside of the borough.
- 5.1.14. Due to the varying needs of young people, there is currently an over-dependence on spot purchasing which makes it difficult to manage the market to ensure the security of supply at the right time, right price and the right quality. Ensuring consistency in quality and service delivery amongst all semi-independent providers is particularly challenging because, unlike other placements such as foster care and residential children's homes, semi-independent accommodation is not regulated under the Care Standards Act 2000 and as a result is not inspected by Ofsted.

### **Increase in demand for supported accommodation**

- 5.1.15. There is an increasing demand for semi-independent accommodation as Hackney's looked after children get older and begin leaving care. As of 31 March 2019 there were 149 16/17 year olds looked after. This represents a 25% increase from 2018 (119 children) and a 57% increase (95 children) since 2015. Additionally, the number of children aged 16/17 coming into care is increasing year on year. In 2017/18 33% (72 children out of 217) of children coming into care were aged 16/17 and this increased to 42% (88 children out of 211) in 2018/19; with most preferring to be placed in semi-independent accommodation instead of foster care.
- 5.1.16. Placements for looked after children and care leavers remains a high spend area therefore CFS continues to look for ways to improve the efficiency and effectiveness of placements to ensure they are achieving the best outcomes for children and young people. The proposed contracts will ensure the winning providers of semi-independent accommodation deliver their services according to a high standard thus achieving value for money.

### **The Pathway Model**

- 5.1.17. Current services are not operating as a pathway and are designed as complex and medium accommodation based support services. This needs to be remodelled based on the increase of demand and complexity of the needs of young people coming into care in Hackney.
- 5.1.18. A Pathway approach is an established model of providing accommodation based housing related support services. The model provides more flexibility

to service provision, freeing up the higher levels of support for those that need it and can reduce the use of emergency accommodation and provide more opportunities to reduce the need for more intensive forms of institutional care or support.

5.1.19. In addition, we want to move away from commissioning services that are based on complex, or high, medium and low models. Through our consultations with young people and internal stakeholders we recognise that young people's needs are constantly changing, and support needs to be delivered in a flexible and timely way. Some young people may need lots of support one week, and none the following week. We also believe this will support in preventing young people "falling out" of the pathway. For example, when a young person is experiencing a crisis and their supported accommodation can no longer meet their needs and they have to move. This can cause further trauma to the young person. We also recognise the issues that have arisen by labelling services as low, medium, high models, as different agencies and practitioners may have different definitions and end up excluding young people who are too complex, or not complex enough to use their services.

5.1.20. Providers will be expected to be flexible in their delivery of support and respond appropriately to the individual needs of young people, when it is needed.

### **Aims of the Pathway**

5.1.21. The aim of the young people's supported accommodation pathway is to enable young people to learn the necessary skills and emotional resilience in a supported environment that will allow them to live independently in the community. Some young people entering the pathway would not be known to CFS previously and would require an assessment of their housing, support and emotional needs. Not all young people will go through each stage. At the time of referral, the most appropriate service will be identified. The pathway approach is reliant on joint working and joint decision making based on a partnership approach between the local authority and the providers, and amongst the providers themselves. A young person's journey throughout the pathway will be needs led, with each stage of the pathway informing the next on a young person's progress and development.

5.1.22. Through all stages of the pathway providers will be expected to:

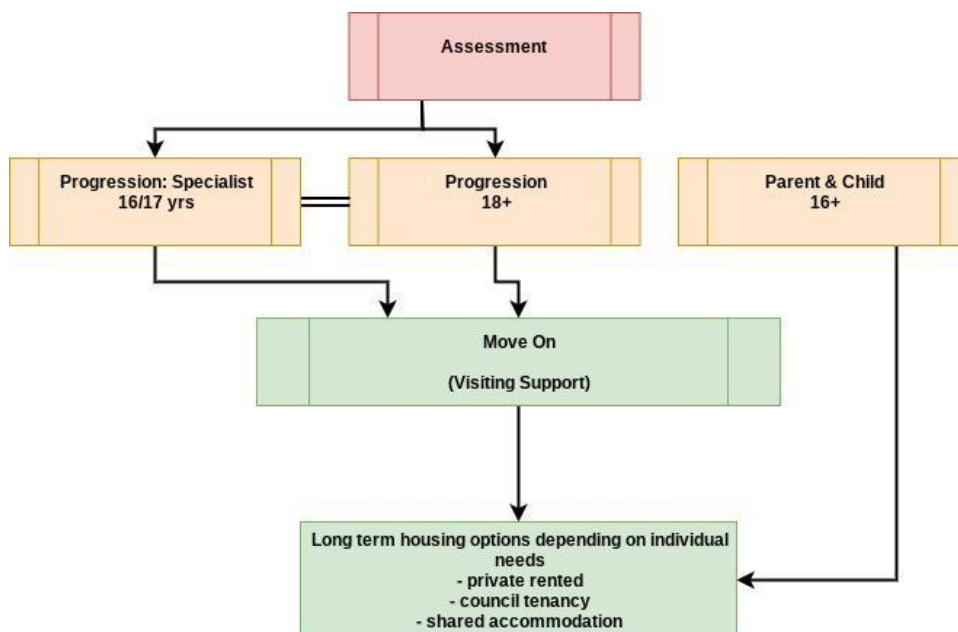
- Work in partnership with services to return young people home if it is safe to do so (e.g. Rapid support, FLIP, mediation services).
- Work with young people to understand their vulnerabilities and needs and coproduce goals from the beginning of the placement.
- Work within a Psychologically Informed Environments (PIE) and or trauma informed practice or similar approach, with this entrenched in the day to day

running of the provision. This will support providers working with young people to understand their behaviour in the context of the trauma they have experienced.

- Create individual move on plans for young people and support young people to move into whatever independent living option is right for them. Providers will be expected to work in partnership with Housing and CFS and other relevant organisations to support young people to have realistic expectations of their housing options and support them to plan for their future accommodation.
- Have mandatory training for their staff to support their development and ensure they are skilled to be supporting our young people. This would also support staff retention and providers will be monitoring against staff turnover to address the need for consistent qualified and good quality key workers.
- Facilitate the provision of a flexible rent policy to support young people who are working.

5.1.23. **Flexible & Person Centred Support:** This pathway requires the successful providers to offer a flexible model of support with the ability to step up and step down levels of support based on young people's needs. The service providers will, in consultation with commissioners, manage the workload and capacity of the pathway. There should be recognition that the new model will encourage an increase in support hours to those who need it most and when they need it. For example a young person in crisis should be able to receive more support and then hours will reduce to an agreed minimum once the crisis is over to transfer to those that need longer term support. The allocation of hours will be the responsibility of the provider with commissioners agreeing a minimum number of hours per level of service.

#### 5.1.24. **The Pathway Model Diagram**



#### 5.1.25. Lot 1: Assessment

- This is the first point of contact for young people in need of supported accommodation and the plan is to commission this as one service (lot). During the assessment, the provider will assess a young person's accommodation, support and emotional needs. They will also prepare a young person for their next stage in the pathway if appropriate.
- This will provide intensive 24h support and accommodation for young people.
- Length of stay: Maximum 3-6 months for assessment intervention or shorter interventions if appropriate move on is identified sooner.
- This will provide access to emergency same day accommodation for young people who present as homeless and are aged 16-17 or are 18-21 care leavers.
- This service will provide accommodation for 8-12 young people at any one time.
- This service will be awarded to one provider.

#### 5.1.26. Lots 2 and 3: Progression:

- This stage will be split into two services (lots), for young people aged 16/17 and for 18+.

- This stage will provide young people with a safe and secure environment to develop their independent living skills such as maintaining benefits, cooking, self-care, developing positive relationships and engage in or continue in education, training or employment.
- This will build on the areas of support identified in the assessment stage and will also be 24h staffed services.
- This service will provide accommodation for 20-28 young people aged 16-17, and 40-50 young people 18+ at any one time.
- This service will be awarded to one provider for Lot 2 and a maximum of 2 providers for Lot 3.

#### **5.1.27. Lot 4: Young Parents Service**

- This service (lot) will be for young parents aged 16 -21 where the child may be on a CIN plan, a CP plan or in court proceedings and the parent requires a high level of support whilst the social work unit carries out the assessment.
- This service will also be for young parents who have never lived alone with their child and would need support to demonstrate that they could live independently before moving onto their own accommodation.
- There should be an on-site office and 24h staff cover in the service.
- Interventions in this service will be timed and specific.
- This service will be ring fenced for CFS.
- This service will provide accommodation for 8-10 young parents at any one time.
- This service will be awarded to one provider.

#### **5.1.28. Lot 5: Move on - A Visiting support Service including affordable accommodation for young people who are working**

- This stage will provide a visiting support and accommodation service, and affordable accommodation and support specifically for young people who are working.

- This stage will provide young people with the opportunity to live more independently and will learn to understand all the responsibilities of holding a tenancy, while still working with their key worker on their support plan.
- In general, young people will have lower support needs but would still be vulnerable due to their care experience, and would have evidenced that they have developed most of the independent living skills in the previous stages of the pathway.
- Support will be provided by key workers visiting the young people in their accommodation, supporting through house meetings and having a 24h on call service for emergencies.
- This service will be ring fenced for CFS.
- This service will provide accommodation for 20 - 40 young people at any one time. It is expected that providers tailor support to individual needs but all young people would be expected to receive a minimum of between 3 and 5 hours of individual key work sessions a week. This lot will be awarded based on the number of places secured between Lot 1 and Lot 4 and the budget. The minimum guaranteed would be 20 places.
- This service will be awarded to a minimum of 2 providers.

**5.1.29. Lot 6: Ad hoc services - to be commissioned as a Framework or DPS (via later procurement Summer 2020)**

- This lot will support us to secure specialist accommodation for those young people whose needs cannot be met through the existing pathway.
- This service (lot) will aim to capture all the remaining and outstanding spot purchase arrangements under one framework delivering to one specification. This will include accommodation and support services ranging from 2 hours to 20 hours per week.
- The rationale for this lot is that there still will be young people whose needs will be best met outside of the pathway either due to location restrictions or because of the complexity of their needs. For those young people CFS will occasionally have to outsource placements via spot purchasing. A framework will support in improving the service standards and robust monitoring of these providers.
- This service will be ring fenced for CFS.

### 5.1.30. **BENEFITS REALISATION / LESSONS LEARNED**

**Benefits realisation:** There are currently gaps in the existing provision that can be addressed by redesigning the service:

- There is a lack of specific accommodation services for 16 /17 year olds where it is not appropriate for young people to be living alongside older care leavers or in mixed gendered accommodation.
- The existing contracts do not allow any emergency admissions which means homeless young people or young people who have experienced a placement breakdown have to be accommodated with private providers, who are mostly out of borough and at a significantly higher cost.
- The young parents' supported accommodation service is heavily focused on young mothers and needs to be amended to ensure a more equitable access for young fathers.
- The current support need is predominantly generic, with an unmet need for children and young people in the areas of complex mental health issues, substance misuse, young offenders and learning disabilities.
- Adopting a trauma informed approach and using Psychologically Informed Environments (PIEs) is an opportunity to promote placement stability and to engage with the hardest to reach young people.
- A large proportion of the accommodation (within the contract) is currently clustered in one postcode area of Hackney, which makes it difficult placing young people who may be at risk in those areas.
- There is a significant gap in providing accommodation that is affordable for young people and care leavers who are working. The provision in the current contract is not affordable to young people unless they are on benefits - which leaves them feeling financially trapped.
- There is no provision of quality accommodation and support for young people with lower support needs within the current contracts. Young people who do not have complex needs but are nonetheless vulnerable and do not meet the criteria for the existing pathway, are all accommodated with private providers, mostly out of borough.

5.1.31. Following the review of the current structure, existing contracts and spot purchasing arrangements, commissioners believe by redesigning these services, this will bring the following benefits:



- Recommissioning the services all at once will ensure there is a pathway from the highest level of support through to lower levels of support, to provide young people with a seamless journey through supported housing towards living independently. Young people will be provided with high quality support and accommodation to support their transition to independence.
- The new pathway will be flexible, person centred and outcomes focused with support being delivered based on young people's needs rather than fixed hours per scheme. This will support in preventing young people from falling out of the pathway if they are in crisis and young people will get a service that meets their needs rather than being placed into a service that is not flexible.
- A review of contracts will allow fixed costs over a number of years ensuring better control of budgets.
- These contracts will allow for a bigger pool of staff with mixed skills and from multiple backgrounds to match the Hackney resident demographics including more choice of male and female workers.
- Reduced costs to local authority in monitoring contracts. Currently there are 2 providers under the block contract who are monitored by the quality assurance and compliance officer in Adults services. However there are over 30 spot purchase providers who are monitored directly by CFS and it uses a large amount of resources from the placements team.
- Reduced provider management costs should increase value for money. Having one specification for all the providers to deliver too will save on local authority resources in terms of managing those providers. Managing 30 off contract providers who are all operating to different standards is challenging and not sustainable.
- The pathway lends itself to multiple providers, which enables the local authority to award the contracts to the providers with the right skills in the specified area.

#### 5.1.32. **Lessons learned:**

- The current complex needs service does not provide intensive enough support in the 24/7 units.
- Young people experience multiple changes in key workers - which is disruptive to the young person and is a barrier to receiving meaningful support. Young people can end up feeling lonely and isolated if they are unable to engage in a meaningful way.

- Young people can feel financially trapped in their placement as the cost of accommodation is too high - they are unable to afford the rent unless they are claiming benefits.
- Complex needs provisions need enough staff on duty during the day and the evening to manage the needs of young people.
- The current provision does not allow for ease of movement between the two providers nor can it cater for movement between high support to step down as there is a lack of step down units within the current contract.
- Move on - young people are not supported by the current providers to move on, instead are evicted for overstaying and have to present back to housing or the Greenhouse (Single Homeless Hub).
- The current contract does not allow for same day or emergency placements, which means that any such placements have to be made with spot purchase providers, usually at much higher costs and almost always out of borough.
- There are gaps in the current pathway often resulting in people being “stuck” in inappropriate placements and a risk the system “fills up”.
- Market events have demonstrated that there is significant interest in companies providing services in Hackney and to the council. Additionally, desktop research shows that the market for semi-independent accommodation is well established with more providers entering the market.
- Accommodation based hours can be inflexible for some clients. Current services provide support at fixed times, and are therefore unresponsive to emerging needs.
- Tenancy and licence agreements were not linked with support needs, thus missing early opportunities to move people on at critical times.
- The current model of accommodating all 16-24 year olds in a single property means safeguarding needs of the younger age group of the cohort cannot be fully met. We have had a number of case examples where vulnerable young people have been at risk of exploitation. To address this risk there is a need for a range of options of properties and medium to smaller units (4-5 beds).

5.2. **Strategic Context:** This proposed procurement plan supports:

- The Council to meet the requirements of the Children (Leaving Care) Act and Children Act 1989 which aims to make sure that looked after children and care leavers are provided with the support they need to achieve their full potential

as they make their transition to adulthood. The Council has a statutory obligation to provide accommodation for those under the age of 17 who are subject to a care order and those aged 16 or 17, whether or not they have been in care, if it is judged their welfare is likely to be seriously prejudiced.

- The Homelessness Act 2002, which extends the groups of homeless people with a priority need of accommodation to include 16- and 17- year olds, care leavers aged between 18 and 20 and those who are vulnerable as a result of having been in care, the armed forces, prison or having had to flee violence.
- The Council to meet its statutory duties for young people, aged 16 or 17, who are homeless or at risk of homeless and may require accommodation, the legal framework is set out within: Sections 17, 20 and 27 of the Children Act 1989; Working Together to Safeguard Children; Part 7 of the Housing Act 1996; and Homelessness Code of Guidance for Local Authorities 2018.
- The delivery of the priorities set out in the *Corporate Plan* and *Corporate Parenting Strategy 2019- 2022* - the commitment to provide young people with the support they need to achieve.
- The delivery of the *Corporate Parenting Strategy* and *Placement Sufficiency Strategy* which outline the Council's commitment to provide young people with a range of suitable accommodation options and to include them in the design and evaluation of services.
- These services will also support the council to meet its requirements specified in the Care Act 2014.
- Best Value duty of the Council. We have carried out a series of consultation events with providers, potential providers, large and small voluntary sector providers and wider stakeholders. This paper and proposals have been informed by these consultations.
- An initial service user consultation took place in 2018. An updated service user consultation was completed in the spring/summer of 2019, led by Hackney's Children in Care Council (Hackney of Tomorrow) and provider consultations with existing providers and through market engagement events which again have been fed into this report.
- Social Value will be sought through the open procurement process. This will include asking providers to define their offer or social value which will be evaluated as part of either the tender or negotiation process.

5.2.1. This report also supports the following Mayor's Priorities:

- **Tackling inequality** - these proposals ensure that the services being commissioned are available to those most at need, promoting equal access to services irrespective of health or social status, and targeted at the most vulnerable.

- **An ambitious and well-run Council that delivers high quality services** - Commissioners believe that the proposals are ambitious ones and through an open and competitive procurement process we will be able to award contracts to only those services that demonstrate the highest quality of services, with well defined specifications that will hold providers to account.
- **Prioritising quality of life and the environment** - Through the procurement process we will ask providers to address environmental impact of their services, including the use of energy efficient equipment. We will also ensure that where premises/accommodation is a feature of the bid, which they are of high quality standards which will promote the quality of life for all young people that use the services.
- **Connecting with Hackney's communities** - The specification will include a requirement for providers to work with internal and external voluntary organisations to support accessing services in the local area and promoting young people's wellbeing, helping them to connect to their local communities, utilising local support groups and services, to reduce isolation and promote inclusion.

5.2.2. **Preferred Option: 5-7 block contracts via competitive procurement, with multiple lots, for a young people's supported accommodation pathway. The term of contract will be 5 years with an option to extend for a further 2 years (5 +1 +1 years). A staggered procurement of a separate Lot 6 for ad hoc services via framework or DPS, circa £300k per annum.**

5.3. This contracting arrangement will enable the Council to develop a longer-term relationship with providers who will be expected to work with the council and other providers in the pathway to continuously improve services and outcomes for children and young people. As young people will often need access to different types of accommodation during their journey to independence, providers will be expected to work in partnership with providers in the pathway to facilitate the appropriate step down / step up to accommodation with less / more support.

5.4. The proposed contracts would establish a robust monitoring process underpinned by one core service specification. Under the current spot purchasing arrangements there is limited capacity to monitor the performance of providers because there is no standardised quality of service provision or key performance indicators.

5.5. The block contract is likely to achieve the greatest economies of scale and therefore lowest unit cost because providers would receive a guaranteed volume of business.

5.6. **ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED)**

5.6.1. The following options have been considered and rejected:

- **Do nothing** - Contracts end 31 December 2020 and CPC have stated that no further contract extensions will be agreed. Therefore this is not an option. This will also not address the increase in demand on these services by CFS and issues with lack of consistency in quality and cost.
- **Framework / approved provider list** - This option would be extremely resource intensive to manage and would not provide the security of guaranteed placements for looked after children and care leavers. Frameworks are usually shorter in length and you are then restricted at the end of the agreement to use the providers who are in the framework for the new services. This does not allow the flexibility of opening up to new providers after 4 years. A framework is likely to contain many providers which would add considerable time to the evaluation process in the tender. As the contracts for the existing services end in December 2020 there is not enough time to have services in place via this option.
- **Dynamic Purchasing System (DPS)** - The establishment of a DPS has been considered as a route to engage the market. It has some aspects similar to a framework agreement, however new suppliers can join at any time during the life (5 years) of the DPS. This procedure has been used more frequently considering the volatile and ever changing economy. Some suppliers have stopped trading, new companies are being launched and this procedure reduces the risk by allowing new suppliers to join during its lifetime as long as attain the minimum selection criteria. This procedure is beneficial for Small Medium Enterprises (SMEs) and can potentially reduce the number of spot purchases. This would not be possible with a normal framework agreement as the Council would be restrained to the suppliers on the list. This approach will also give the Council the flexibility to develop existing services whilst in operation. The DPS has the potential to increase competition by requesting suppliers to submit competitive prices for each call-off contract thereby saving the Council money.

Although there are benefits to a DPS, there are serious considerations and challenges to take into account when implementing and running a DPS. For example, all suppliers on the DPS will be invited to tender for every piece of work and there is no provision for direct award. This would pose an onerous administrative burden on Council's resources. The specification would need to be very prescriptive in order to limit the numbers of suppliers responding to a call-off contract. The Council would also have to contract manage a larger pool of suppliers which will prevent effective supplier relationships. It should also be noted that suppliers can equally leave the DPS at any point which could leave the Council vulnerable. Having reviewed the feasibility of establishing a DPS, this would not be practical given the resource pressures.

#### 5.6.2. Insourcing: See Exempt Appendix 2

5.7. **Success Criteria/Key Drivers/Indicators:**

5.8. CFS is committed to ensuring that the experiences and progress of looked after children and care leavers remain high priority. This is also a focus of Ofsted inspections; with the Council being judged on how safe young people feel in their accommodation and how effectively they have been supported to successfully move towards independence.

5.9. Schedule 2 and Schedule 6 from the Care Leavers Regulations and Care Planning Regulations also sets out which factors must be considered in determining whether accommodation is suitable for a young person.

5.10. The above will inform a range of quality and efficiency criteria which will form part of the service specification and the key performance indicators which providers will be monitored against.

5.11. In addition to any specific needs identified in the young person's care plan or pathway plan, the service provider will work in partnership with the council to fulfil the Hackney Promise for Looked after Children and Care Leavers.

5.12. **See Appendix 3 for further key drivers linked to the Hackney Promise for Looked after Children and Care Leavers.**

5.13. **Whole Life Costing/Budgets:**

5.14.

<b>Lots</b>	<b>No. places</b>	<b>Indicative Total Contract Value £</b>
Assessment	8-12	£1.05m-£1.6m
16/17 Progression	20-25	£3.4m-£4.8m
Young Parents	8-10	£1.02m-£1.28m
18+ Progression	40-50	£3.82m-£4.78m
Move On	20-40	£913k-£1.83m
<b>Total</b>	<b>96-140</b>	<b>£10.2-£14.2m</b>

5.15. Funding for the Young People's Supported Accommodation Pathway is contained within the CFS services budget with a circa £300k per annum contribution from Adults Services.

5.16. **See Exempt Appendix 5.**

5.17. CFS & Adults Services will work in partnership with Housing to identify how many young people can transfer into the new pathway and the expected

timescales that would enable us to move to full occupancy. It will be stipulated in the contract that CFS & Adults will only pay for the places used during the scale up period (3 months) to 100% occupancy. This will be agreed at contract implementation and a clear process and timescales will be agreed.

5.18. In the tender documentation the budgets allocated and number of places required for each lot will be detailed so that we are able to control prices in the tender applications. Providers will be asked to provide a fixed price for the duration of the contract.

5.19. **Policy Context:**

5.20. The recommendations in this report supports all local policies relating to looked after children and care leavers; these policies are underpinned by statutory guidance published by the Department for Education. The statutory guidance that relates to this report is The Children Act 1989 guidance and regulation - Volume 2: care planning, placement, case review and Volume 3: planning transition to adulthood for care leavers, The Southwark Judgement 2009, The Care Leavers Regulations 2010, The Homelessness Code of Guidance for Local Authorities 2019. It also supports the council in its statutory responsibilities as a Corporate Parent.

5.21. **Consultation/Stakeholders:**

5.22. **Consultation with Service Users**

5.23. An independent consultation exercise was carried out to ensure that all service users and especially those hardest to reach were given the opportunity to comment. This was produced in partnership with the advocacy project and completed in July 2018. Findings from this consultation include:

- Inconsistent service provision - no common standards amongst providers, unclear how the quality of housing related support is monitored and measured
- Quality of support staff - high turnover of staff and lack of availability of skilled and trained staff have been flagged by service users and providers.
- More flexible approach needed - service users expressed the need to be able to access the right support when they need it, particularly supporting to signpost to other relevant services.
- Inadequate communication - service users are often required to share their story on more than one occasion because communication amongst providers is inconsistent.
- Support plans - only half of the service users engaged in the consultation had support plans or were aware that they had support plans.

5.24. A further consultation was completed with Hackney looked-after children and care leavers living in supported / semi-independent accommodation. This

was led by young people from Hackney's Children in Care Council who were working as young commissioners.

- 5.25. The young commissioners designed the consultation questions and successfully engaged 30 young people living in semi-independent accommodation between April and July 2019 by visiting young people in their homes, attending their house meetings, and speaking to them on the phone. As a result we were able to obtain much more qualitative information from this consultation.
- 5.26. In addition to supporting the above findings from the 2018 consultation, young people identified the following priorities for supported accommodation:
- **Flexible.** Young people frequently stated that they prefer to seek out support from staff when they need it, rather than being allocated key work sessions during the week in a prescriptive way.
  - **Young-person-centred.** A significant number of young people recommended that service providers should allocate a new key workers to young people if their relationship with their current key worker has broken down or is preventing them from accessing the support that they require.
  - **Consistent.** The majority of young people receiving floating support stated that they benefit from having a direct line of communication with their support workers through being given a 24h on-call telephone number that is operational seven days a week.
  - **Conscientious.** A large number of young people receiving floating support reported that they frequently receive unannounced visits from support workers, which they consider to be intrusive and unwarranted. Participants throughout our consultations recommended that not only should young people be informed of all visits to their placements, but that young people should be consulted with and given the final say on when and where they receive support unless there is a safeguarding concern.
  - **Proactive.** During our consultations, young people frequently stated that the quality of support that they receive from service provides depends heavily on the quality of the relationships that they have with support staff and key workers. With that in mind, a significant number of young people stressed the importance of support staff and key workers adopting a proactive approach in building a meaningful relationship with the young people that they work with.
- 5.27. Throughout the consultation a consistent theme that was raised was around economic well-being. 76% of young people consulted felt financially trapped in the placement. Young people living in semi-independent accommodation said they often feel as if claiming Universal Credit is the only way that they can maintain their tenancy. This is the case because the rental charges for semi-independent placements are so high that the majority of young people wouldn't be able to afford them if they were working full-time on minimum wage. Many young people stated that being dependent on benefits resulted



in them feeling frustrated, lonely, stigmatised, insecure and unable to move forward in gaining their independence.

5.28. In addition, Deputy Mayor Councillor Bramble met with the young people who completed the consultation in January 2020 to further ascertain their views and feedback which have been captured within this report.

5.29. **Consultation with Internal Stakeholders**

5.30. A working group was set up with key internal stakeholders from CFS, Adults Services & Housing to review the existing service provision and develop the priorities and outcomes for the new service. Front line practitioners were consulted as well as senior management to ensure that the most accurate feedback was captured. Young people from the children in care council were also invited to attend these to share their experiences and coproduce the specification with practitioners. The working group considered the following:

- Affordability of accommodation
- Upkeep of buildings and external spaces
- State of repair of furnishings and facilities
- Hourly rate for key workers
- Outcomes being achieved by young people
- Attitude and capabilities of staff and their ability to flexibly respond to young people's needs
- Pathway models in other Local authorities.

5.31. A needs analysis for CFS in relation to semi-independent accommodation has also been completed to support the development of the new pathway. The feedback on existing service delivery and suggestions for improvement have been reflected in the draft service specification.

5.32. **Consultation with Providers**

5.33. Current providers are enthusiastic about the redesign and retendering of these services. General feedback included:

- This is a great opportunity to help fill some gaps in the pathways.
- All providers liked the model of one floating support contract and could see how this would be beneficial to users.
- Some providers pointed out that current property is not available to other support providers in some cases.

5.34. A market engagement event was held in September 2019 where over 80 providers expressed an interest to attend, and 38 individual organisations attended the market engagement event. Providers actively engaged in the discussion of the delivery of the pathway and contributed some useful information to the consultation. Feedback included:

- Providers have shown an eagerness to develop an outcomes based framework with the local authority and to involve young people in the assessment and decision making process.
- Providers are eager to explore consortium bids for the pathway and individual lots.
- Careful consideration needs to be given around the use of tenancies, particularly with changes in homelessness legislation and welfare reform implications. Licence agreements allow more flexibility for the local authority and the provider.
- Providers have shown a keen interest in using Psychologically Informed Environments (PIEs) or similar approaches and a lot of providers who attended the engagement are already working with PIE principals entrenched in their organisations.
- Providers echoed the difficulties of moving young people on but acknowledged that they need to work in partnership with local authorities and preparing young people for the reality of housing options in London.
- Positive feedback on the pathway model from providers - they said this would enable them to deliver more targeted and successful interventions.
- Key issues were identified as identifying suitable housing stock - as Hackney cannot offer any properties for the use of this provision.
- Providers communicated the challenges in provider affordable accommodation for young people who are working but acknowledged that more partnerships with registered landlords would enable them to deliver this.

**5.35. Further consultation activities prior to tender**

5.36. A further market engagement event will be held at the beginning of February with existing and potential providers to involve them in more detailed discussions about the service requirements and to establish any potential difficulties or barriers in delivering optimal service solution including service costs.

5.37. Through a series of consultation sessions, young people will be involved in further developing the service specification and will create a set of service requirements in their own words which will form part of the core service specification. As part of the quality assurance framework, a series of youth led inspections will take place after the contracts have been awarded.

**5.38. Risk Assessment/Management:**

5.39. The Hackney Procurement Risk Analysis Tool (RAT) has classified this procurement as high risk.

5.40. The table below shows the risks associated with the project that have been identified and steps to be taken to address them.

Risk	Likelihood	Impact	Overall	Action to avoid or mitigate risk
	L – Low; M – Medium; H - High			
Existing providers who do not tender or who tender unsuccessfully but have current looked after children or care leavers as tenants who cannot be moved	M	H	M	Issue contracts for existing providers for the remaining tenancy term (via Single Tender Action). Monitor /inspect these providers to ensure their services meet minimum standards until phased out and transferred to new service - court evictions etc
Insufficient appetite from the market	L	H	M	The market engagement event has concluded there is a high level of interest for this procurement
Control over costs cannot be achieved	M	H	M	The level of demand for this service is hard to predict but setting a cap for a maximum hourly rate for the support service should encourage some competition and help achieve better rates.  Rent costs will be in line or below with the LHA.

5.41. **Market Testing (Lessons learnt/benchmarking):**

5.42. Current providers are enthusiastic about the redesign and retendering of these services. General feedback included:

- Providers have shown an eagerness to develop an outcomes based framework with the local authority and to involve young people in the assessment and decision making process.

- Providers are eager to explore consortium bids for the pathway and individual lots.
- Careful consideration needs to be given around the use of tenancies, particularly with changes in homelessness legislation and welfare reform implications. Licence agreements allow more flexibility for the local authority and the provider.
- Providers have shown a keen interest in using Psychologically Informed Environments (PIEs) or similar approaches and a lot of providers who attended the engagement are already working with PIE principals entrenched in their organisations.
- Providers echoed the difficulty of moving young people on but acknowledged that they need to work in partnership with local authorities and preparing young people for the reality of housing options in London.
- Positive feedback on the pathway model from providers - they said this would enable them to deliver more targeted and successful interventions.
- Key issues were identified as identifying suitable housing stock - as Hackney cannot offer any properties for the use of this provision.
- Providers communicated the challenges in provider affordable accommodation for young people who are working but acknowledged that more partnerships with registered landlords would enable them to deliver this.

**5.43. Savings:**

**5.44. Please see Exempt Appendix 5.**

5.45. It is anticipated that this procurement will support in alleviating some of the cost pressures in this area for CFS. By offering a longer contract we are likely to be able to secure more competitive rates for this service. Benchmarking has demonstrated that we could expect a reduction in cost pressure for the service.

5.46. By virtue of this procurement being through a competitive tender we are hoping to attract more registered social housing landlords who offer much lower accommodation rates. The current shortfall with private providers is covered by CFS. Benchmarking and market engagement has shown that these providers are more likely to offer a flexible rent policy to support young people into employment.

- 5.47. As part of the Council's medium term financial plan, significant savings were agreed in respect of Housing Related Support. This procurement supports the delivery of some of those savings as Adults contribution to these young people's services has reduced.
- 5.48. The successful providers will be required to contain annual cost inflation within the price.
- 5.49. Additional cost pressure relief is likely to come from a decrease in the number of 16/17 year olds placed with spot purchase providers, addressing the availability of emergency accommodation, and providing affordable accommodation for 18+ care leavers. It is anticipated that the new pathway's interventions will achieve better outcomes for young people, therefore support placement stability and avoid young people being moved in a crisis to off contract providers.

## **6. SUSTAINABILITY ISSUES**

### **6.1. Procuring Green**

There are no negative environmental impacts identified in the PRIMAS. This procurement has been identified to have positive environmental impacts including encouraging providers who have existing properties in the borough to improve the properties and will encourage all providers to install environmentally positive aspects when they are upgrading buildings to meet the specification. The pathway also focuses on delivering accommodation within the borough of Hackney or as close as possible. This will support in the reduction in social worker travel time and expenses associated with visiting young people at a distance. Practitioners will be able to visit their young people using public transport which is more environmentally friendly. Young people will be placed in boroughs which will support the reduction in their travel time to visit family and friends and also lessen the environmental impact associated with travelling greater distances. The PRIMAS has identified this area as low risk.

### **6.2. Procuring for a Better Society**

There are no negative economic impacts identified in the PRIMAS. This contract will support in providing high quality supported accommodation for Hackney residents, including looked after children and care leavers. A 5+1+1 year contract provides employment stability. Contracts will be encouraged to employ volunteers, peer staff and apprentices. The contracts are divided into lots to allow smaller providers to bid successfully for the pathway.

### **6.3. Procuring Fair Delivery**

- 6.4. The EIA did not raise concerns that the groups protected under legislation would have negative impacts from this service. **See Exempt Appendix 6.**

There was a slight concern about how we deal with married young people and this will be resolved with Housing on a case by case basis, to ensure that we meet our statutory duties. Care leavers over 21 will still be supported by leaving care units, and will receive their housing support from Housing options.

## **7. PROPOSED PROCUREMENT ARRANGEMENTS**

### **7.1. Procurement Route and EU Implications:**

- 7.2. This service is categorised under the Light Touch Regime of the Public Contracts Regulations 2015. Given that that estimated contract value exceeds £663,540, this opportunity will be advertised via OJEU and procured using the OJEU Open Procedure that comply with specific obligations pertaining to the 'light touch' regime.

- 7.3. The Open Procedure has been adapted under the light touch regime to allow any providers that fail a selection question or scores below a defined threshold on a weighted question to be eliminated from the process and the Technical and Commercial sections not evaluated. Tender documents will be published on London Tenders Portal and Contracts Finder in accordance with the Council's CSO's, and via the Official Journal of the European Union (OJEU).

- 7.4. Providers are required to complete a Suitability Assessment Questionnaire (SAQ) on the London Tenders Portal. The SAQ will assess the suitability of the providers in terms of their technical knowledge and experience, capability, capacity, organisational and financial standing, environmental management and Health & Safety.

- 7.5. The Invitation to Tender document (ITT) will ask a range of technical, quality and commercial questions to establish the service offering in line with the Council's requirements.

- 7.6. The ITT evaluation criteria is as follows:

<b>CRITERIA</b>	<b>% WEIGHTING</b>
<b>Quality</b>	<b>70%</b>
Service Delivery	25%
Structure, Staffing and Supervision	15%
Safeguarding and Risk Assessments	10%

Quality Assurance	5%
Equalities & Diversity	5%
Service User Involvement	5%
Social Value	5%
<b>Price</b>	<b>30%</b>

- 7.7. The providers offering the most economically advantageous tender/service will be recommended for the contract award.
- 7.8. This procurement is seeking to secure accommodation based support for young people however all providers submitting bids will need to provide accommodation to deliver the service. All the cost of the accommodation will be covered by Housing Benefit/ Universal Credit, except in the case of Lot 2, Lot 1 & Lot 4 (where young people could be under 18) as young people who are under the age of 18 and not eligible for benefits. In those cases CFS will cover the cost of accommodation in full.
- 7.9. The price of the tenders will be assessed and scored based on the support cost for the contract and the cost of accommodation will be evaluated alongside the support costs to ensure that accommodation is provided with the Local Housing Allowance rate for the location and size of the property.
- 7.10. CFS Group and Service Accountants will be responsible for reviewing the financial element of the bids. Dun and Bradstreet reports shall also be reviewed and assessed by finance.
- 7.11. The evaluation panel for this procurement will comprise of the following:
- Head of Service for Corporate Parenting
  - Placement Resource Manager, Children & Family Services
  - Service Manager, Children & Family Services
  - Service Manager, Adults Services
  - Housing Manager, Housing
  - Young Person, Carers Council.
  - Finance & Procurement
- 7.12. The Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) will apply as there will be outgoing service providers. Procurement has engaged with the providers to explore the initial implications. Procurement will ensure all decisions are taken in accordance with the Council's relevant policy and procedures relating to TUPE.
- 7.13. **Resources, Project Management and Key Milestones:**

<b>Key Milestones</b>	
Business Case Report to CPC	11 March 2020
Publish OJEU Notice – Open Procedure	31 March 2020
Launch Invitation to Tender (SQ & ITT) Pack	2 April 2020
Deadline for Supplier Clarification Questions	18 May 2020
Submission Deadline for Invitation to Tender (SQ & ITT)	28 May 2020
Tender Evaluation Period	1 June - 23 July 2020
Contract Award Report considered at CPC	13 October 2020
Standstill Period	19 - 29 October 2020
Mobilisation period	1 November 2020 - 31st March 2020
Start on site / Contract start	1st April 2021

**7.14. Contract Documents: Anticipated contract type**

7.15. The contract to be used will include the specifications that have been developed as part of the procurement process. There will also be KPIs outlining the levels of service required. The Standard Terms and Conditions for Social Care Services will apply to the new contracts with a six month termination notice period to apply. A block payment mechanism will also apply.

7.16. The project lead will be the Resource Manager for the Placement Management Unit supported by the Service Manager for the Corporate Parenting Service and overseen by the CFS Senior Management Team.

7.17. The specification reflects the Care Leavers (England) Regulations 2010, which sets out minimum standards for suitable accommodation for young people. The specification and other contract documentation will be finalised in February 2020, in time for the issue of the tender.



7.18. **Sub-division of contracts into Lots**

7.19. The contract will be divided into lots:

- Lot 1: Assessment Centre
- Lot 2: Progress Services- 16/17 year olds
- Lot 3: Progress Services 18+
- Lot 4: Young Parents Service
- Lot 5: Move on - visiting support & affordable accommodation for young people
- Lot 6: Ad hoc services (via later procurement)

7.20. By dividing this pathway into smaller Lots, we hope to make opportunities more accessible to smaller and local businesses and the third sector in line with the Council's Sustainable Procurement Strategy. CFS has some long standing established relationships with good quality smaller providers and this would make this accessible to them.

7.21. The financial allocation for each lot has been calculated via benchmarking internally and alongside other Local Authorities offering similar services. The minimum and maximum figures are provided to show the minimum number of places we will secure and the maximum. The rationale for giving a range for the number of places required is that we are depending on providers to submit bids with accommodation. As we do not have accommodation to provide for this tender, we cannot guarantee the number of bedrooms in each property as this varies. If we were too prescriptive in the number of bedrooms we would risk not being able to award the tender to any providers.

7.22. For Lot 3 due to the higher volume of places required, we will award these contracts to a maximum of 2 providers. Providers will be evaluated on their quality score and their capacity to deliver the required volume. The tender documents will outline a predefined evaluation criteria to support this. For Lot 5, the minimum number of places will be 20. This lot will be awarded based on the number of places secured within Lot 1 to 4 and the budget and may be flexed up, if needed. Tender documentation will outline the process for dealing with this fairly..

7.23. The proposed term of the contract shall be a period of 5 years with an option to extend services for an additional two (1+1) years.

7.24. All prices shall remain fixed for the duration of the contract period.

7.25. **Contract Management:**

7.26. The contract will be managed by the Resource Manager in Children and Families Service, a role that sits within the Placement Management Unit. This will be overseen by the Service Manager for Fostering and Placements and the Head of Service for Corporate Parenting.

7.27. Contract performance meetings will be held at least once per quarter. It is anticipated that for the first 6 months of the contract, meetings will be held

monthly to support the contract being embedded. This will include quarterly review meetings, which will review service delivery and performance against required service levels and Key Performance Indicators. All properties, policies and documentation relevant to the running of the service will be subject to regular audit and inspection which will be carried out by the Placement Management Unit.

7.28. A dedicated resource will be required to support in the performance monitoring, data collection, analysis, reporting and invoicing (which is currently undertaken by the Adults Commissioning Team). CFS will work closely with the Quality Assurance team to support in setting up the standard for this contract.

7.29. The service will also be steered by the Young People’s Supported Accommodation Panel, facilitated by Housing and CFS, and will be responsible for coordinating referrals for single homeless young people, looked after children and care leavers for this pathway. This panel currently meets fortnightly to discuss new referrals, incidents, move on and young people’s progress. The panel members comprise of representatives from LB Housing Needs, LBH Adults Commissioning, Service Manager for Looked after Children and Care leavers, Placement Management Unit and the pathway providers.

**8. Key Performance Indicators:**

<b>Person centred Outcomes KPI Targets</b>	<b>Monitoring</b>
<p><b>Service Utilisation - 90%</b>            Service targets to include: referral &amp; assessment timescale, throughput, planned moves, evictions, serious incidents, staffing % TBA</p>	<ul style="list-style-type: none"> <li>● Quarterly performance workbook</li> <li>● Quarterly contract monitoring meeting</li> </ul>
<p><b>Managing Money and Budgets</b></p> <ul style="list-style-type: none"> <li>● 100% of young people maximise their income and are in receipt of correct benefits</li> <li>● 100% of young people who have an active benefit claim</li> <li>● Less than 1% of young people evicted for arrears</li> <li>● % TBA of young people engaged with a budgeting plan/ service to prevent / reduce any rent arrears/ debt</li> </ul>	<ul style="list-style-type: none"> <li>● Quarterly performance workbook</li> <li>● Quarterly contract monitoring meeting</li> </ul>

<p><b>Education, employment and training</b></p> <ul style="list-style-type: none"> <li>● % TBA young people moved into full time or part time education or training programmes while in receipt of the service</li> <li>● % TBA Young people attending and participating in a training course /education course</li> <li>● % TBA of young people in full or part-time employment (paid)</li> <li>● % TBA of young people currently participating in unpaid work/ work experience/ voluntary work</li> </ul>	<ul style="list-style-type: none"> <li>● Quarterly performance workbook</li> <li>● Quarterly contract monitoring meeting</li> </ul>
<p><b>Health and Wellbeing</b></p> <ul style="list-style-type: none"> <li>● 100% of young people registered with GP</li> <li>● &gt;90% of young people supported to access health advice or information</li> <li>● % TBA of young people with self-identified or diagnosed substance misuse problems in current contact with treatment services</li> <li>● % TBA of young people with self-identified or diagnosed need who have made improvements to their physical health</li> <li>● % TBA of young people with self-identified or diagnosed whose mental health has improved or stabilised</li> </ul>	<ul style="list-style-type: none"> <li>● Quarterly performance workbook</li> <li>● Quarterly contract monitoring meeting</li> </ul>
<p><b>Safeguarding</b></p> <ul style="list-style-type: none"> <li>● TBA Number of safeguarding alerts / Number upheld</li> <li>● % TBA of young people reporting they feel safe</li> <li>● 100% Staff receive Children &amp; Young People’s Safeguarding training</li> <li>● TBA Number of incidents</li> <li>● 100% Young people are reported missing according to procedure &amp; all professionals notified within</li> </ul>	<ul style="list-style-type: none"> <li>● Quarterly performance workbook</li> <li>● Quarterly contract monitoring meeting</li> </ul>

<p>agreed timescales</p>	
<p><b>Community engagement and involvement</b></p> <ul style="list-style-type: none"> <li>● % TBA Young people engaged in volunteer /peer support work.</li> <li>● % TBA Young people engaged in hobbies and interests outside the home.</li> <li>● % TBA Young people who establish and maintain contact with friends/family.</li> <li>● % TBA Young people participate in their chosen leisure / cultural / faith activities.</li> </ul>	<ul style="list-style-type: none"> <li>● Quarterly performance workbook</li> <li>● Quarterly contract monitoring meeting</li> </ul>
<p><b>Complaints</b></p> <ul style="list-style-type: none"> <li>● 100% of complaints received and resolved in line with procedure and timescales</li> <li>● &gt;70% of young people leaving the service who are satisfied with the support and service (through exit interviews)</li> <li>● &gt;70% of all young people satisfied with service (annual young people survey)</li> </ul>	<ul style="list-style-type: none"> <li>● Quarterly performance workbook</li> <li>● Quarterly contract monitoring meeting</li> </ul>
<p><b>Sustainability Outcomes - Key Performance Indicators (TBA)</b></p>	
<p>Procuring Fair Delivery</p>	<ul style="list-style-type: none"> <li>● Quarterly performance workbook</li> <li>● Quarterly contract monitoring meeting</li> </ul>
<p>Procuring Green</p>	<ul style="list-style-type: none"> <li>● Quarterly performance workbook</li> <li>● Quarterly contract monitoring meeting</li> </ul>

**8.1. Please see Exempt Appendix 4 for full KPIs.**

**9. COMMENTS OF THE GROUP DIRECTOR FINANCE AND CORPORATE RESOURCES**

- 9.1. The recommendation of this report is for Cabinet Procurement Committee to agree to competitive procurement, with five lots, for a young people’s supported accommodation pathway. The contract will be for five years with the option to extend for a further two years (5+1+1). The estimated annual contract value across the five lots is £1.4m-2m and the estimated contract value over the maximum seven year life of the contract is £10.2m-£14.2m.
- 9.2. The number of placements across the five lots will range from between 96 to 140. The rationale for giving a range for the number of places required is to allow flexibility given that we are depending on providers submitting bids with accommodation. The successful providers will be required to contain annual cost inflation within the contract value.
- 9.3. Adult Social Care will make a £300k annual contribution toward the service which recognises support for young people through the pathway up to the age of 21. It is anticipated that the new pathway will reduce the current overspend in the Children and Families Service and this will be monitored through Corporate Parenting budget review meetings to ensure that estimated cost reductions are realised.
- 9.4. The procurement seeks to commission support for the young people’s supported accommodation pathway. The successful providers will also be providing the accommodation needed for the pathway for each lot, although this is not part of the block procurement. For all lots, associated accommodation will be expected to be provided at or below the Local Housing Allowance (LHA) rate and those that cannot provide this will be excluded from the tender. With reference to Lot 2, the majority of these providers in this sector are private providers and we therefore may need to increase the accommodation allowance as there is a risk that if the rent is too low this would discourage providers from bidding for the lot. This is currently the case with spot placements made within the service.
- 9.5. Placements for looked-after children and care leavers remains the most significant cost pressure for Children and Families Service, and the service continues to look for ways to improve the efficiency while ensuring they are achieving the best outcomes for children and young people. The proposed

contracts will seek to ensure the successful providers of semi-independent accommodation deliver their services according to a high standard and deliver improved value for money.

- 9.6. There has been an increasing demand for semi-independent accommodation as Hackney's looked-after children numbers have increased. As of March 2019 there were 149 16 and 17 year-olds being supported by the service. This represents a 25% increase from 2018 and a 57% increase since 2015. Additionally, the number of children aged 16/17 coming into care is increasing year on year. In 2017/18 33% of children coming into care were aged 16/17 and this increased to 42% in 2018/19; with most preferring to be placed in semi-independent accommodation instead of foster care.
- 9.7. Due to the varying needs of young people, there is currently an over-dependence on spot purchasing which makes it difficult to manage the market to ensure the security of supply at the right time, right price and the right quality. Ensuring consistency in quality and service delivery amongst all semi-independent providers is particularly challenging, and it is anticipated that the new pathway will seek to address these issues. The procurement of the new service will enable the service to achieve lower unit costs across each of the Lots. With the most significant savings coming from Lot 2 where we anticipate to reduce our current unit cost by approximately 33%. There is the potential for economies of scale should a provider be awarded more than one lot, and this will need to be included in the pricing model from providers (e.g. what percentage reduction they would offer if they were successful in multiple lots).
- 9.8. It is estimated that the new pathway has the potential for cost avoidance in the region of £498k-£753k per annum if there is full occupancy throughout the contract. This is based on benchmarked costs for similar services in other London boroughs. Voids of 10% will reduce this figure by approximately £146-203k to £352k-£550k. Given that the current services are well utilised with no voids, we do not expect more than 10% at any point after the initial transition has been completed. The service anticipates a three month mobilisation period, however this could be a risk given the number of placements and will need to be carefully managed with the successful providers and timeframes will need to be established in advance of the service start date. If this was delayed this would lead to void costs for the support hours that the council would need to pay to the successful providers. For instance, if this took an extra three months and there was 50% voids then this would cost £228k in void payments.
- 9.9. The further recommendation of this report is to agree to a later procurement of a further lot (Lot 6) for ad hoc services. This will be commissioned as a Framework or Dynamic Purchasing System (DPS) through a later procurement in 2020. This will cost approximately £300k per annum and will be funded from the Children and Families Services budget, and it is anticipated it will reduce the budget pressure in the service.

## **10. VAT Implications on Land & Property Transactions**

As we are undertaking this under a special legal regime (i.e. statutory duty), this is a non-business supply such that input tax on attributable costs is recoverable in full.

## **11. COMMENTS OF THE DIRECTOR OF LEGAL AND GOVERNANCE SERVICES**

- 11.1. The procurement process in this Report has been assessed as High Risk and therefore pursuant to paragraph 2.7.10 of Contract Standing Orders the approval to progress to market will be with Cabinet Procurement Committee.
- 11.2. The services to be procured in this Report are classified as Social and other Specific Services under Schedule 3 of the Public Contracts Regulations 2015 and are of an estimated value above the threshold of £663,540 for such services. Therefore it will be necessary to publish an OJEU notice in respect of the procurement of the services. It is proposed to use the Open Procedure under Regulation 27 of the Public Contracts Regulations 2015 to undertake the procurement process for the services comprising lots 1-5.
- 11.3. It is proposed to procure the services in lot 6 later this year in a separate procurement process. However, it has not yet been decided whether the procurement will comprise the establishment of a framework agreement or a Dynamic Purchasing System. Any procurement process for such services will need to be compliant with the provisions of the Public Contracts Regulations 2015

## **12. COMMENTS OF THE PROCUREMENT CATEGORY LEAD**

- 12.1. The structure of this pathway into six lots recognises the commitment in the Sustainable Procurement Strategy to support smaller organisations; while at the same time ensuring that we create viable contracts. The model of block pricing will enable service providers to have security and the service team will need to ensure that any 'voids' are minimised. In return we will require transparency in pricing and also the flexible use of hours to ensure that young people achieve their outcomes.
- 12.2. The services being paid for are largely staffing; however, delivery of this service in-house is not considered viable as there is a need for related accommodation and this would require significant capital investment. Additionally, by utilizing a number of different providers we will be able to offer our young people options about where they live, and who they live with which will help to ensure that we are helping young people to thrive in environments suited to their individual needs.
- 12.3. The procurement will also need to cover the cost for under 18 accommodation, as this is not covered by housing benefit.

- 12.4. The procurement process is following an open procurement and all tender documents will need to be fully detailed at advert stage. Timelines have been reviewed to maximise the time that bidders have to complete paperwork and a further market warming event is planned for February to help ensure that bidders are ready to proceed on 31 March, when the tender documents are released.
- 12.5. There has been good partnership working across council department boundaries including housing and adult social care as well as engagement with young people who use existing services - which have helped inform the specification and the model developing and ensures the council is meeting best value for local residents.
- 12.6. The final details around the procurement pricing strategy are being worked out, and these will be finalised - post the market engagement event - by the time this report reaches CPC.

## **APPENDICES**

**Appendix 1** Young people's Consultation

**Appendix 3** Key Drivers in line with Hackney Promise

## **EXEMPT**

**Appendix 2** Insourcing

**Appendix 4** Key Performance Indicators

**Appendix 5** Whole Life Costing / Savings

**Appendix 6** Equality Impact Assessment

By Virtue of Paragraph(s) **3** Part 1 of schedule 12A of the Local Government Act 1972 this report and/or appendix is exempt because it contains **Information relating to the financial or business affairs of any particular person (including the authority holding the information)** and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

## **CONFIDENTIAL**

No

## **BACKGROUND PAPERS**

**In accordance with The Local Authorities (Executive Arrangements) (Meetings and Access to Information) England Regulations 2012 publication of Background Papers used in the preparation of reports is required**



**Description of document (or None)****None.**

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# **Cabinet Procurement Committee**

**11 MARCH 2020**

**Business Case  
Young people's supported  
accommodation pathway**

**Key decision No. CACH Q51**

**Appendix 1**

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# Appendix 1: Young People's Consultation 2019



## Young People's Consultation July 2019

From April to July 2019, Hackney's Children in Care Council (Hackney of Tomorrow) undertook a series of consultations with care leavers from the London Borough of Hackney, all of whom were living in semi-independent accommodation. The aim of these consultations was to capture the views of young people both living in the current accommodation pathway and with private providers, to ensure that their views could be used to inform the redesign of the pathway itself, thereby helping to create a more tailored and specialised service for Hackney's care leavers and single homeless young people.



## Background to consultation

The local authority has a statutory duty to support young people and care leavers to access suitable supported accommodation up to the age of 21. Young people who are looked after, care leavers, or homeless, need somewhere safe and suitable to live to help them make a positive transition into adulthood. A secure housing base is also critical to young people progressing in other areas of life, such as education, training or employment, improved mental health, relationships and building of social networks.

Young people in different situations will need different types of housing and support, ranging from 24/7 supported housing through to their own independent flat with floating support. Some young people will want to stay in a family environment such as supported lodgings. As their needs and circumstances change, young people should be supported to find accommodation that best suits them.

As they become ready, young people will need support to access longer term housing, such as their own tenancy, a shared flat or long-term supported housing. They will need help to understand their options and know where to go if they need extra support in the future.



## The aim of supported accommodation:

- Support will be flexible, timely and appropriate, and will be delivered as and when required
- Support will be delivered in partnership so that people are enabled to access mainstream services and their local community
- Support will be focussed on keeping people safe and ensuring people maintain good health and wellbeing
- Support will be tailored to meet individual needs in a person-centred way and provide a clear pathway to enable people to be independent
- Support will be of good quality and provide reliable and consistent key workers for young people
- Support will be sustainable, affordable and will deliver good value for money



## Strategic background

As outlined in our *Children's Sufficiency Strategy 2019-2022*, all Local Authorities are required to take steps to secure, so far as is reasonably practicable, sufficient accommodation for children in care within their local area. The 'Statutory Guidance for the Sufficiency Duty 2010' guidance is explicit in placing a duty on Local Authorities to act strategically to address gaps in provision by ensuring that they include, in relevant commissioning strategies, their plans for meeting the sufficiency duty.

The strategy is set within the context of national policy, legislation and guidance and addresses the needs of children and young people from birth to the age of 21 (or 25 where children's services continue to have statutory responsibility).



## Methodology for consultations

From April to July 2019, the Children in Care Council representatives from Hackney of Tomorrow undertook consultations with young people living in semi independent accommodation. The young people who were engaged as part of this consultation lived in a total of 7 different accommodation providers used by Hackney.

The consultations performed by Hackney of Tomorrow facilitated service users' participation in LBH's supported accommodation review, as the consultations allowed young people within the pathway to assess the quality of Housing Related Support provided therein.

The consultation process itself was also a participatory exercise, as Care Council representatives from Hackney of Tomorrow were given the opportunity to act as Young Commissioners. Within this role, young people were responsible for co-creating a ten question survey, and carrying out this survey through consultation sessions at semi-independent placements operating within LBH's Supported Accommodation Review.

LBH's Participation Officer was responsible for completing this report, which presents the responses and recommendations collected through the Young Commissioner's consultations. However, Young Commissioners were invited to review the report throughout its development.

During April 2019, Care Council representatives from Hackney of Tomorrow were introduced to the aims and objectives of LBH's Supported Accommodation Review, as well as the role of Young Commissioners within the Review. Care Council representatives were then given the opportunity to volunteer themselves as Young Commissioners. To be eligible for this position, candidates had to be aged 18 or over and have had experience of living in semi-independent accommodation. In total, five eligible young people committed themselves to the role.

In order to incentivise participation, Young Commissioners were financially reimbursed for their time, being paid in line with the National Minimum Wage for workers aged 18 to 24. By paying Young Commissioners at a competitive rate, participating young people were made to feel valued, which in turn increased their commitment to the project, and promoted higher levels of involvement throughout the Review. In addition to their hourly rate, travel and lunch allowances were granted to Young Commissioners on the day of each consultation to ensure their ability to attend.

LBH's Participation Officer organised two focus groups in May 2019, in which Young Commissioners co-created a survey of ten questions relating to the accommodation and support that young people receive under LBH's Supported Accommodation Review. The survey questions were designed to cover issues that are of particular relevance to Care Leavers, such as loneliness, tenancy management, and placement security. Young Commissioners were encouraged to include both closed and open ended questions within the survey, so that they were able to gather both quantitative and qualitative data during their consultations.

In order to coordinate dates for consultations, LBH's Participation Officer liaised with service providers operating within LBH's Supported Accommodation Review. Service providers assisted in facilitating consultations by arranging house meetings where consultations could take place. Service providers were then responsible for advertising consultations and encouraging young people to attend.

During consultations, Young Commissioners carried out the survey through group interviews, delivering questions and leading further discussion. Young Commissioners were encouraged to ask follow up questions and allow participants as much time as they needed in order to contribute to the discussion. LBH's Participation Officer was responsible for recording the responses of participating care leavers.

Young Commissioners were invited to all Pathway Working Groups in order to provide feedback on the consultation process and to keep up to date with the developments of the Supported Accommodation Review redesign. The Pathway Working Groups were constituted by different professionals from a variety of service areas within LBH, including the Placements Management Unit, Finance, Housing, Public Health, and Corporate Parenting.

During the consultation period, Young Commissioners were invited to visit service providers that exemplified good practice in the provision of Housing Related Support. The purpose of these visits was to give Young Commissioners a benchmark of good practice, which they could then use as a quality standard during the consultation process. The two placements that Young Commissioners visited were managed as either Psychological Informed Environments or were operating on the principles of Social Pedagogy.

## Engaging with the Target Population





Due to the fact that survey questions were composed by care-experienced young people, service users participating in consultations were asked questions that were more likely to be of relevance to their own concerns regarding the housing-related support they receive. This is because the young people responsible for designing the survey questions were equipped with personal understanding of the challenges that young people face when living in semi-independent accommodation. By considering the relevance of the questions asked at consultations, Young Commissioners increased the likelihood of receiving detailed responses from participating care leavers.

Having consultations delivered by care-experienced young people produced a sense of parity and understanding between interviewer and interviewee. This promoted a sense of empowerment amongst participating care leavers, which in turn encouraged them to actively contribute during consultations.

Support staff and management from each placement were asked to leave the room at the beginning of consultations. By removing the presence of as many professionals as possible, service users were provided with a space in which they could speak freely, without fear of causing offence or damaging their relationships with the professionals that support them.

By holding consultations at residential placements, participating care leavers were interviewed in a familiar and accessible setting. This was conducive to higher levels of engagement within consultations, as participants were not intimidated or preoccupied with their surroundings. Equally, the fact that young people did not have to leave their homes in order to participate in consultations also had a positive effect on levels of attendance.

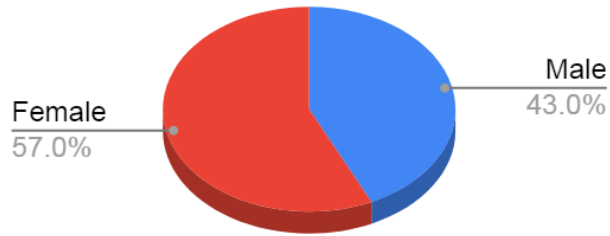
By holding consultations at residential placements, Young Commissioners were able to ensure that consultations were accessible to young people who are housebound or had mobility difficulties, thereby increasing the inclusivity of the Review.

In order to reach young people who were unable to attend particular consultation dates or lived a significant distance from Hackney, LBH's Participation Officer was responsible for contacting individual care leavers and carrying out the survey over the telephone.

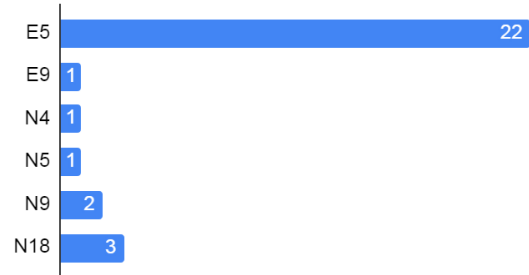
## Demographic Data and Population Characteristics

Demographic information was collected for people who took part in the consultation, this was optional therefore some respondents decided not to provide demographic information. The available data is listed below:

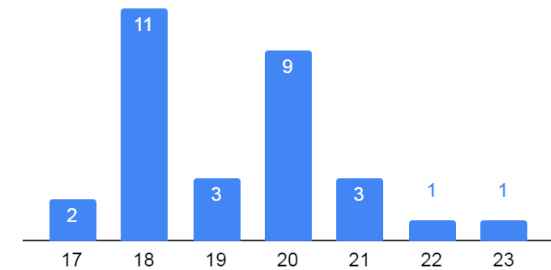
### Gender



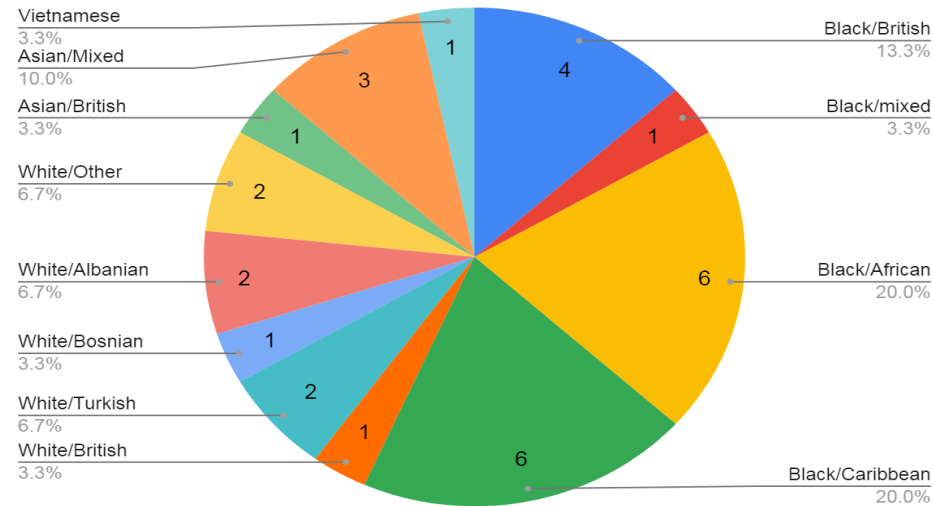
### Locality



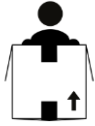
### Age range



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### Questions



## Do you feel as if you were adequately supported when moving into your new placement?

24 out of 30 (80%) service users stated that they felt adequately supported when they moved into their current placement

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“You need to have someone around during the first couple of days”

**“Staff should make us feel welcome when we first arrive. they**

“They took me out shopping and tried to figure out what I could do

“If your room isn’t clean on the day you move in, you don’t really feel welcomed. You wouldn’t expected to move into a dirty room if you

**“They hung out with me while I unpacked and chatted to me for a**

**“They helped me sign onto Universal Credit and then left right after”**

### Recommendations

1. Support staff should ensure that vacant rooms are in a clean state, so that young people feel welcomed when they move into their new placement.

2. Support staff should remain present at the placement for several hours when a young person moves in; they should have a 'hands on' approach, making an effort to get to know the young person when they arrive. During this time, support staff should offer to help young people with unpacking and getting settled into their new placement.
3. Support staff should introduce new residents to the other young people living at the placement. If this is not possible on the day that the young person moves in, support staff should arrange a house meeting to ensure that all residents are introduced to each other within the first week of a new placement commencing.
4. Support staff should read through the proposed tenancy agreement with young people on the day that they move into their new placement, providing any further explanation if necessary.
5. Support staff should provide new residents with a clear breakdown of their rental costs, including service charges. The production of visual aids or calendars that detail rental charges was also highly recommended.
6. When a young person moves into a new placement, support staff should arrange a key work session within the first week, so that the key worker can assist the young person in formulating a weekly or monthly budget that incorporates all of their estimated outgoings, including their rental charges.
7. Support staff should assist new residents in completing a personalised support plan within their first two weeks at the placement, so that young people are able to set their own goals and targets and thereby feel as if they are in control of their own lives and the support they receive.
8. If a young person is without any source of income when moving into a new placement, support staff should assist them in making a Universal Credit claim on the day that they move in and should be aware of the support that they are entitled to from social services.
9. If a young person is in receipt of Universal Credit when they move into a new placement, support staff should assist them in completing a 'change of circumstance' on their Universal Credit account.

10. If a young person is in receipt of Universal Credit when they move into a new placement, support staff should assist them in working out whether or not they have a rental short-fall and, if they do, support them in calculating the contribution that they will need to make from their Personal Allowance in order to make up for this shortfall.



### How many key workers have you had since moving into this placement?

On average, young people have 3 key workers throughout their time at one placement.

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"They usually last three months"

"You have to keep repeating your life story, it's so awkward"

"I don't bother with them... they all leave anyway"

**"If they want staff to stay, they've got to look after them"**

"I don't even know who my key worker is"

**"My key worker is always there for me, she helps me with everything. We're**

"I don't really use the support I get here because I don't really know my key worker"

## Recommendations

1. Young people can often feel rejected if their key worker leaves their post, in some cases this can even cause emotional distress. Therefore, if a member of support staff leaves a service provider, young people should be given three weeks' notice so that they can prepare for the transition and to say goodbye to their key worker if they wish to. Young people should also be included in the handover plans that are produced by their old key worker in collaboration with their replacement.
2. In order to receive appropriate support from their key workers, it is necessary for young people to build up a meaningful relationship with these professionals. Building such a relationship requires young people to share information about themselves, so that their key worker can understand their life and background; however, sharing their 'life-story' can be uncomfortable or even traumatic. In light of the issues raised, it should be a priority for service providers to minimise staff turnover within their placements, so as to minimise the level of disruption in young people's lives and to increase engagement with support. Service providers can endeavour to achieve higher levels of consistency in their staff teams by offering competitive salaries and career development opportunities for their employees, as well as organising rotas in order to promote sociable hours.

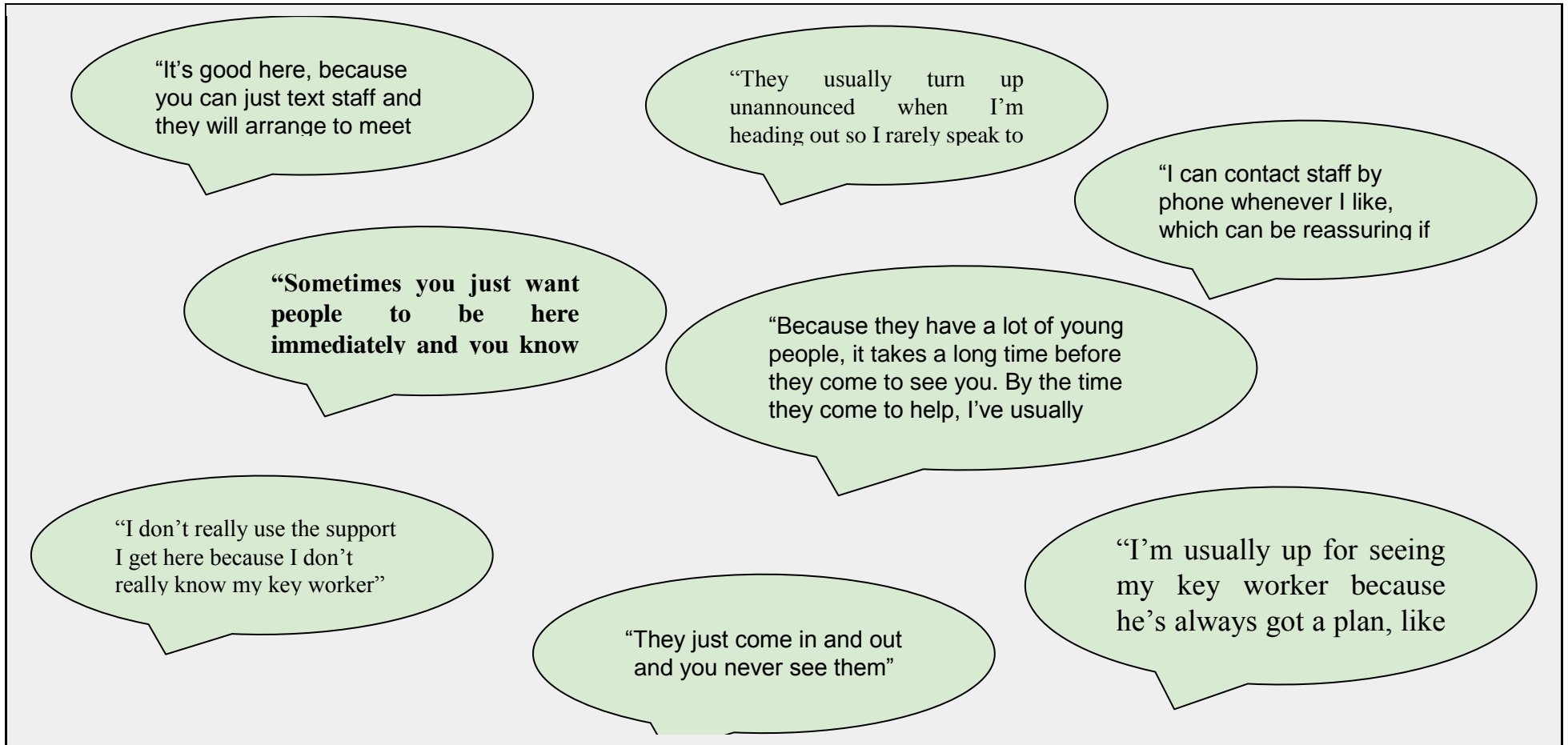


**a) How many hours of support do you receive a week?**

On average, young people report they receive 2.5 hours of support a week within their placement.

**b) Do you feel like you are receiving the support that you need from your placement?**

19 out 30 (63%) young people feel they are receiving the support that they need within their placement.



### Recommendations

1. A significant number of young people stated that they prefer to seek out support from staff when they need it, rather than being allocated key working sessions during the week. Several young people described that when key workers attempt to initiate a planned key work session, it can feel invasive and unwelcomed. With this in mind, support should be provided in a flexible and client-centred way, provided when the service user is in need, not what when it suits the service provider. This can be achieved by support staff being present at the placement on a regular basis throughout the week and by young people being given a reliable means of contacting support staff when they’re off site, such as an ‘on call’ telephone number.










1. The purpose of key work sessions should be to allow young people to discuss any concerns that they may have and to receive practical support relating to prevalent issues that affect Care Leavers, such as access to benefits, education, training or work. Young people should be encouraged to decide upon the theme, topic or task of each key work session, so that their interests and priorities are informing the support that they receive from service providers.
2. Where possible, service providers should respond to the wishes of service users. For example, service providers should offer to allocate a new key worker to a young person if their relationship with their current key worker is breaking down and preventing them from accessing the support that they require.
3. Young people find it easy to reach out for support or raise an issue with their key worker when they already have an established relationship with them. With that in mind, support staff should be proactive in building relationships with the young people that they work with; taking them out into the community, planning activities to do in the placement or spending time with them in a less structured way.
4. Outside of planned key work sessions, support staff should keep in touch with young people on a regular basis. This could be by text or through their presence at the placement. By keeping in touch, support staff can identify when a young person is struggling and more intense support might be needed. Support staff can also build up relationships with young people that make the provision of support and the delivery of interventions.
5. Support staff should arrange regular house meetings to ensure that they are aware of any issues that are developing within the placement and can offer interventions when necessary. House meetings should be called if an issue arises between residents within the placement and requires mediation by support staff.

***Can you describe your ideal support worker?***

Young people participating in the consultations were asked to describe the qualities of an ideal key worker. Here's what they put forward:



	<ul style="list-style-type: none"> <li>• Good at making connections</li> <li>• Proactive</li> </ul>	<ul style="list-style-type: none"> <li>• Reliable – ‘If you say you’ll do it, then do it’</li> <li>• Flexible - ‘Understanding of the way you do things rather than the way that they want you to do things’</li> </ul>
 <ul style="list-style-type: none"> <li>• Funny</li> <li>• Approachable</li> <li>• Not so serious – ‘We’re not at school, you don’t have to be so serious’</li> <li>• Some you can vibe with</li> </ul>	 <ul style="list-style-type: none"> <li>• Empathetic</li> <li>• Sensitive</li> <li>• To listen not assume</li> <li>• Relatable – being able to talk in a casual way, being able to ‘bust a joke</li> <li>• Respectful’</li> </ul>	 <ul style="list-style-type: none"> <li>• Communicative – texting</li> <li>• Easy to talk to</li> <li>• Good communicator</li> <li>• Don’t patronise</li> <li>• Understands dialects and accents</li> </ul>
 <ul style="list-style-type: none"> <li>• Trustworthy</li> <li>• ‘Clued on’</li> <li>• Honest</li> <li>• Non-judgemental</li> <li>• Doesn’t make assumptions</li> </ul>	 <ul style="list-style-type: none"> <li>• Genuinely caring – ‘Not just here for the money’</li> <li>• Someone that you can talk to</li> <li>• Supports you to think about your future</li> <li>• Supportive not harassing</li> </ul>	 <ul style="list-style-type: none"> <li>• Knowledgeable about local services for young people and Care Leavers</li> <li>• Care-experienced</li> <li>• Have the right motivations</li> </ul>



**If you fall into arrears, do you feel as if you are harassed instead of supported?**

21 out of 30 (70%) young people felt as if they were harassed rather than supported by service providers once they had fallen into rent arrears.

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“When they ask me about rent, its feels like it’s because they’re worried about me and my tenancy, not because they just want the money out of me”

“I’d rather be told in person than getting a threatening letter”

“The income officers act like debt collectors”

“The arrears letters that I get are really harsh, it’s kind of worrying”

“They keep sending me the same threatening letter. The fact that I receive one every two weeks just stresses me out”

**“Even after we’ve had a meeting and set up a repayment plan, they still send me the same letter”**

### Recommendations

1. When a young person falls into arrears, support workers should initiate a key work session in order to support the young person in formulating a repayment plan, as well as a personal budget that will allow them to live on the funds that are left available to them.

2. Rather than sending a letter, concerns about arrears should be raised during face-to-face meetings, held between support workers and service users. Arrears letters should be delivered during the meeting or issued via post if support staff are unable to arrange a face-to-face meeting with service users.
3. Arrears letters should be written in a constructive and non-threatening tone, detailing how service providers will support young people in reducing their arrears.
4. Within key work sessions, support workers should concentrate on preventative strategies that will empower young people to avoid falling into rent arrears. Such strategies could include, providing instruction on identifying rental shortfalls, supporting young people to search for employment, cooking on a budget and using price comparison tools.



### **How is this placement helping you to prepare for independent living?**

27 out of 30 (90%) young people stated that they felt as if their placement was adequately preparing them for independent living.

"I haven't learnt how to cook for myself, the guys in the office don't get paid enough to teach us that"

"I learnt how to do the basics in foster care and here I just put it into practice"

"Staff here just talk to me, I can't really learn that much through a conversation. It'd be better if we do more practical things around the

**"Living here has allowed me to get used to having freedom... just because I can come back late doesn't"**

"The freedom given to me by staff gave me the opportunity to learn valuable life lessons"

"I used to be pampered but now I can look after myself"

### Recommendations

1. A significant number of young people within LHB's Supported Accommodation Review stated that living in their current placement was preparing them for independence, but not necessarily due to the support that they have received. Many young people stated that they had gained independent living skills simply by having to live with less support after leaving a placement where they received full time care. In light of this observation, support given in key work sessions should be more structured and outcome focused. Key work sessions

should therefore be oriented on specific life-skills, such as registering to vote or setting up a direct debit, and young people should gain applicable knowledge and skills by the end of each session.

2. Support staff should organise regular key work sessions to provide young people with the skills that they will need to live independently, such as completing application forms for employment or educational placements, claiming for benefits and income support, managing an open benefit claim, producing a personal finance budget, developing domestic skills, and discussing issues such as mental health, healthy relationships, and sexual health.
3. In order to provide informed and effective support, support workers should have a good knowledge of the issues most prevalent amongst Care Leavers. As such, support workers should be well informed about the local authorities' offer to Care Leavers, the private rental market in the local area, presenting as homeless and applying for emergency accommodation, current opportunities for young people in the employment market, making and maintaining benefit claims, as well as health and social issues that are prevalent in the LAC and Care Leaver population, such as depression, anxiety and loneliness.
4. The support offered within semi-independent placements should be instructive rather than debilitating. Support staff should provide young people with the skills that they need in order to live independently, fostering growth and development. They should not make young people dependent on their support. For example, support workers should guide young people through particular processes, such as making a Universal Credit claim, but they should not complete such tasks for them.
5. Support workers should assist young people in exploring housing options towards the end of their tenancy, so that they are informed about the realities that face them on the private rental market. Key work sessions on the topic of housing pathways and private renting should be a regular fixture within young people's care plans once they are twenty years of age.
6. Young people should be supported throughout the move on process. If a young person receives a bidding number for a council property, support staff should assist them in using LBH's bidding portal. Support staff should also accompany young people to property viewing and assist them throughout the sign up.



### **Do you feel that your placement is safe and secure?**

17 out of 30 (57%) young people stated that they felt as if their placement was safe and secure.

"The doors don't feel very secure, I've forced them open myself when I was ..."

"When incidents happen between people living here, you feel pretty unsafe, because there's never any staff around to sort it out"

"Because staff aren't here very regularly, you can feel quite vulnerable"

**"If it kicks off during the night, staff will just hide in the office"**

"I'd feel a lot safer if we had CCTV at the front and back entrances to the ..."

"Places like this are always in dodgy areas, which makes you feel anxious when leaving or coming back home"

"It'd feel better if there was some lighting outside the front of the building, as it can feel dodgy coming ..."

### Recommendations

1. In order to increase the security and well-being of service users, providers should install CCTV at the front and back entrances of all placements.
2. Service providers should ensure that all windows and doors at their placements are fitted with strong and durable locks, as insecure entrance points into a placement can make young people feel vulnerable and unsafe.

3. Young people living in placements that offer floating support reported that they can often feel unsafe during the evenings and throughout the night due to lack of staff presence. Placements that have a floating support package should ensure that young people have recourse to an on-call mobile number that can be used at all hours throughout the week.
4. Service providers should take a firm stance on anti-social behaviour within their placements, as many young people stated that the behaviour of other service users is what makes them feel most vulnerable. A significant number of young people recommended that service providers implement strict warning policies, which will lead to eviction notices being serviced to residents that engage in anti-social behaviour within the placement.
5. Support staff within placements should be proactive in dealing with anti-social behaviour when it occurs and service providers should invest in training for their staff so that they can challenge such behaviour safely and effectively. During the course of one consultation, young people explained that when incidents of anti-social behaviour have occurred within the placement, support staff have reacted by withdrawing from the incident and retreating to the office, after which they locked the door and remained there until the incident had subsided.
6. Waking night support staff should keep a record of all young people who are in the placement at any given time, including the guests of service users. Within several different consultations, young people reported that it wasn't uncommon for waking night support staff not to know who was in the building. Those young people stated that this often made them feel insecure and vulnerable.
7. If a young person remains out of their placement for the night, support staff should keep in touch with them by text message in order to ensure that they are safe and accounted for. Support staff should attempt to call young people staying away from the placement if they fail to respond to their text messages.



### **Is anti-social behaviour dealt with effectively at your placement?**

11 out of 30 (37%) young people stated that they felt as if anti-social behaviour was dealt with effectively within their placement.



“The day staff are good, they will come in and break up a fight, get you to shake hands after, but the night staff don’t do anything”

“Staff just hide in the office when it kicks off”

“If there’s a lot of noise in the evening, there’s nothing you can do, as there’s no staff in at that

“Some people just aren’t ready to live on their own and they make it really difficult for everyone else living here”

“You shouldn’t be scared of young people if you apply for this kind of work”

### Recommendations

1. Service providers should ensure that all staff are trained to de-escalate challenging behaviour, so that they can react to incidents within the placement in an informed and confident manner, minimising risk posed to other service users.

2. Support staff should be trained in the principles of restorative justice, so that they can support young people to rebuild damaged relationships with staff and other service users following an incident.
3. Support staff should hold regular house meetings in which young people are given the opportunity to address any minor incidents of anti-social behaviour with the mediating support of professionals.
4. If living in a placement with floating support, young people should have access to a telephone number through which they can report anti-social behaviour to their support worker and the service provider twenty four hours a day, seven days a week.
5. A definition of anti-social behaviour and details of a tenancy management warning system should be included within service users' tenancy agreements. These details should also be displayed on a communal notice board within the placement. By being explicit about behavioural expectations and having a structured response to incidents of anti-social behaviour, service providers could respond in a more consistent and effective way when dealing with such issues.
6. Young people should be afforded a 'second chance' within the service provider's warning system, as this allows young people to develop trust for the adults that work with them.
7. Many young people reported that anti-social behaviour takes place during the night and that waking-night staff are generally less effective in de-escalating anti-social behaviour. In reaction to this, many young people recommended that service providers should closely monitor the performance of waking-night staff, who should be required to evidence the work they perform throughout their shifts, paying particular attention to any incidents of anti-social behaviour and any interventions carried out. In addition to this, service providers should consult regularly with service users about the effectiveness of the support that they receive during night hours.



### **Do you feel financially trapped in this placement?**

23 out of 30 (77%) young people feel financially trapped in their placement.

“With the jobs that I could apply for, I couldn’t afford to live here if I was working”

“The only way I can afford to live here is if I stay on benefits, it feels like a bit of trap’

“If I start working then the landlord lowers the rent, so I can see the point in getting a job”

“Even with Universal Credit, I still have a rental shortfall and this doesn’t leave me much to live on from my personal

### Recommendations

1. To discourage benefit dependency, service providers should lower rental charges for young people if they enter employment. If a young person is currently in receipt of Universal Credit, for example, service providers may align their rental charges with the maximum Local Housing Allowance within that borough. However, if that young person finds employment, their rental charges should be lowered to a rate that is proportionate to their income.

1. Support staff should assist young people in producing weekly and monthly financial budgets, with the aim of preventing them falling into rent arrears. Support staff should check in with young people on a regular basis, in order to assess whether they have been successful in sticking to their budgets.
2. Support workers should provide informative workshops and key work sessions on private renting, so that young people can be prepared for all the costs of moving into their own accommodation, including holding deposits, agency fees, etc.



**Would you describe your placement as being in a good state of repair?**

17 out of 30 (57%) young people stated that their placement was in a good state of repair.

“I don't mind when things break but it takes them months to come and fix anything”

“when anything breaks, they just expect you to get on without it”

“Things in the house don't have to be brand new, we just want them to work”

**“The washing machine has been broken for months and they still**

“Our washing machine has been broken for weeks and weeks and they tell us that it's not an emergency issue. I can't afford to use the laundrette and

“When something breaks, you just tell the support staff and they have to pass it onto the maintenance people. It'd be better if we could get in

“The internet hasn't worked since I moved in, it's useless and it

**“Staff always tell us that a maintenance request has been**

### Recommendations

1. Service Providers should make a commitment to service users about reasonable response times for reported maintenance issues.

2. Service providers should provide a realistic timeline for the resolution of a raised maintenance issue, so that young people can plan around this reduction in service.
3. Service Providers should have a clear protocol for young people to follow when reporting a maintenance issue, which should be posted in public areas of the placement for service users to refer to.
4. Service providers should consult with residents in order to gain insight into what they consider to be a priority with respect to maintenance issues. For example, if you people consider washing machine breakdowns to be of great significance, this should be reflected in a service provider's maintenance policy.
5. Due to the fact that young people communicate predominately through online platforms, it is important that they are given adequate and reliable internet access within their placement. If Care Leavers are cut off from such means of communication, they can feel isolated and lonely, which they are already at a higher risk of experiencing.
6. If a maintenance issue persists for an extended period of time without any attempt at resolution, service users should be entitled to a refund on their rental or service charges, as they have not been in receipt of the full service details on their service

# **Cabinet Procurement Committee**

**11 MARCH 2020**

## **Business Case Young people's supported accommodation pathway**

**Key decision No. CACH Q51**

### **Appendix 3**

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# Appendix 3: Key Drivers

This proposal will support the Council in fulfilling its Hackney Promise for Looked after Children and Care leavers

<b>Hackney Promise</b>	<b>How the pathway will support this</b>
<p><b>Coming into care</b></p> <p>We promise... That we will tell you about decisions that are being made; will share as much information with you as we can about your future Carers; we will listen to you about where and who you would like to live with. If we can't provide exactly what you have asked for we will explain why this is.</p>	<p>Young people are living in a physically safe environment with appropriate support network to meet their individual needs.</p> <p>They will be provided with clear information about where they are going to live and how they will progress within the pathway and will be involved in any decisions that are being made about where they are going to live.</p> <p>Young people will be listened to and their views taken into consideration about where and with who they would like to live in.</p>
<p><b>Being in care</b></p> <p>We promise.... To listen to you and take time to get to know you; to do our best to make sure you feel supported; to help you feel ready for changes; to support you to stay in touch with your family and friends.</p>	<p>Young people are supported by a consistent and proactive key worker who encourages them to develop positive peer, family and work relationships to support them in their development and promote emotional well-being.</p> <p>Young people are supported to develop the necessary independent living skills to enable them to feel ready to move to the next stage of the pathway and eventually to live independently.</p> <p>Young people are respected and listened to, their feedback is actively sought to improve the service.</p>
<p><b>Education</b></p> <p>We promise... To listen, respect and support you; help you work out your dreams and ambitions and help you achieve them; to make sure you get good education opportunities that match your needs.</p>	<p>The pathway will work in partnership with all professionals around the young person to ensure they can access education, employment or training.</p> <p>Young people are supported to identify what they are good at and what they want to do in the future.</p> <p>Young people receive encouragement and recognition for their achievements and are proactively supported to participate in social, cultural and leisure activities within their community.</p>
<p><b>Getting well and staying well</b></p>	<p>Young people enjoy good physical, emotional, mental and sexual health.</p>

<p>We promise... To do our best to help you get better; to help you stay well; to help you to learn to look after yourself as you get older.</p>	<p>All young people are supported to have a healthy lifestyle and have access to information about health issues that allows them to make informed choices as they move to independence.</p> <p>Young people feel secure and proud of their identity and is able to choose his/her religion. Young people feel supported when questioning/ understanding their sexual orientation/ gender.</p>
<p><b>Meetings</b></p> <p>We promise... To make sure your thoughts and needs are taken seriously; that you will be at the centre of all meetings about you; to support you to take part in a way that you feel happy with.</p>	<p>Young people are encouraged to be actively involved in making decisions about their future and supported to develop self-confidence and are able to deal with change and other life challenges;</p> <p>they understand the effects of all acts of discrimination and are able to challenge their own perceptions on this;</p> <p>they demonstrate enterprise and a will to contribute to the wellbeing of others</p>
<p><b>Your rights</b></p> <p>We promise... That you know what your options are; to help you find someone to speak to if you are unhappy about anything</p>	<p>Young people know who they can speak to if they are unhappy about something. Complaints or concerns around the service are resolved quickly and appropriately and young people are informed about their options.</p>
<p><b>Becoming an adult</b></p> <p>We promise... To prepare you to become an adult; to support you to make decisions that are right for you; that you will always have someone to talk to.</p>	<p>Young people receive high quality support that is flexible and when they need it, not when the service is able to provide it.</p> <p>Support is provided in a young person centred way that empowers young people to develop independence and money management skills and resilience that will support them in the process of moving to independent adult life.</p>



<p><b>TITLE OF REPORT : Provision of Contact Services for Looked After Children</b></p> <p><b>CONTRACT APPROVAL</b></p> <p><b>Key Decision No.CACH Q53</b></p>	
<p><b>CPC MEETING DATE</b></p> <p>11th March 2020</p>	<p><b>CLASSIFICATION:</b></p> <p>Open with exempt appendices 1-4</p> <p>By Virtue of Paragraph(s) 3, Part 1 of schedule 12A of the Local Government Act 1972 appendices 1-4 are exempt because they contain information relating to the financial or business affairs of any particular person (including the authority holding the information) and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p>
<p><b>WARD(S) AFFECTED</b></p> <p>All Wards</p>	
<p><b>CABINET MEMBER</b></p> <p><b>Cllr Anntoinette Bramble</b>  <b>Deputy Mayor and Cabinet Member for Education, Young People and Children's Social Care</b></p>	
<p><b>KEY DECISION</b></p> <p>Yes</p> <p><b>REASON</b></p> <p>Spending and Saving</p>	

<b>GROUP DIRECTOR</b>
<b>Anne Canning</b>

## **1. CABINET MEMBER'S INTRODUCTION**

- 1.1. Children who are Looked After by the Local Authority away from their families, either temporarily or permanently, will often need on-going supervised, supported or facilitated contact with members of their families. Contact arrangements for children are an important part of the child's plan; they assist in the assessment of risk and the identification of strengths between children and their parents / carers. Promoting good contact arrangements can support successful rehabilitation of children to their families when safe to do so and can also support early identification of a parent's capacity to change in order to plan for a child's needs for permanence via adoption or fostering.
- 1.2. The Council has a legal obligation under Section 34 of the Children Act 1989 to promote contact between children looked after and their parents/carers, siblings and extended family members. The contact service through a supported or supervised method facilitates this important provision.
- 1.3. Members will note that considerations of in-sourcing the contact service was not deemed viable during the options appraisal process. The Council has brought some previously outsourced services back in-house where it was judged to be operationally and/or financially advantageous. However, the nature of contact services provided to the Council and skills required to successfully manage the risks within each faction is typically two-fold; planned and reactive. It is the reactive element of the service that particularly defined the contact service as out of scope for in-sourcing. An in-house service also lacks the independence which is beneficial where cases are heard in court and evidence pertaining to contact is required. Members should also note that the Council would incur a 40% increase in cost should the service be brought in-house.
- 1.4. It is necessary to retain the outsourced contact services due to its significant financial and operational benefits to the Council as outlined in

the report. This is most prevalent in the “reactive” element of the service due to the often short notice requests for contact and the frequency sometimes directed by the courts.

- 1.5. The Council used this tender opportunity to give further emphasis on the quality of the workforce required. It is our expectation that this will facilitate the successful introduction of an improved contact service alongside the continued benefits of London Living Wage and its delivery of a higher retention of experienced staff.
- 1.6. This report and the recommendations are the result of a rigorous procurement process undertaken by Children & Family Service and Procurement Services.

## **2. GROUP DIRECTOR’S INTRODUCTION**

- 2.1. This report requests approval to award a five year contract to deliver contact services for looked after children.
- 2.2. Currently, the contact service is delivered using an external provider. The service was commissioned and awarded to the provider in March 2013 for a period of 5 years which expired on 31<sup>st</sup> March 2018. Given the importance of continuity of service, the contract with the existing provider will continue until 1<sup>st</sup> July 2020. During this period, a procurement process for a new service was undertaken.
- 2.3. A thorough procurement process has been undertaken, which included four care leavers from the Hackney Children in Care Council. Their input was most valuable as they were able to articulate the needs and views of Looked After Children who will be using the service and to inform our understanding of their experiences of accessing contact provisions during their childhood.
- 2.4. Following the conclusion of the procurement process, the Council has identified a provider capable of delivering the required service.

## **3. RECOMMENDATION(S)**

### **3.1 The Cabinet Procurement Committee is recommended:**

- 3.1.1 **To consider and agree the award to Provider A the Provision of Contact Services for Looked After Children period of three plus two years (1+1) from 1<sup>st</sup> July 2020 to 30<sup>th</sup> June 2025 at an estimated cost detailed Exempt Appendix 3.**

#### **4. RELATED DECISIONS**

- 4.1 The Cabinet Procurement Committee approved the Procurement Strategy Business Case Report at its meeting on 10<sup>th</sup> December 2018. Please see link to report below:

[http://mginternet.hackney.gov.uk/documents/s63231/101218%20CPC%20Provision\\_of\\_Contact\\_Services%20Final.pdf](http://mginternet.hackney.gov.uk/documents/s63231/101218%20CPC%20Provision_of_Contact_Services%20Final.pdf)

#### **5. REASONS FOR DECISION/OPTIONS APPRAISAL**

- 5.1 This report provides the Cabinet Procurement Committee with the outcome of the procurement of a new contact service contract for Looked After Children in Hackney.
- 5.2 Following the approval of the contract award, Officers will proceed with the Implementation of the new contract to commence operation by 1<sup>st</sup> July 2020.
- 5.3 The current outsourced service has continued to demonstrate an ability to respond efficiently and effectively to the demands on the service. At present the current provision is contracted to deliver 14,000 hours of contact per year, however in reality it is often 10-20% more. Therefore the new contact service provision will be expected to deliver a minimum of 14,500 hours per annum. The majority of the service will be delivered from the Ferncliff Centre, with a small amount held out of the borough.
- 5.4 The provider will work with the Hackney Children's Services management team to ensure that demand is met, quality remains high and that contact is managed in the best interests of children.
- 5.5 TUPE will apply to 13 permanent members of staff and possibly 9 sessional workers that may have acquired employment rights due to their length of service. This will be further ratified during the contract mobilisation stage.
- 5.6 Despite the increase in demand and the TUPE Implications, this procurement has achieved an annual saving of £39,454.

#### **5.7 ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED)**

- 5.7.1 Please see below options considered and rejected - Please see section 8. In addition, the Business Case Report approved on 10<sup>th</sup> December 2019, provides a more detailed explanation.

#### **6. PROJECT PROGRESS**

- 6.1. **Developments since the Business Case approval.** Following approval of the Business Case at the Cabinet Procurement Committee the procurement

strategy was changed from the Restricted Procedure to the Open Procedure. This did not prejudice the process as all providers had access to the same information at the same time.

- 6.2. In addition, the procurement strategy was adjusted to involve the Children in Care Council. This involved four young people, all of whom are current Care Leavers who accessed contact provisions during their childhood. A decision was made to include the Children in Care Council to better inform professionals understanding of the experiences of Looked After Children when attending contact centres and having their time with their families supervised. The Children in Care Council have shared their views on the environment, of the practice of contact supervisors and how it feels to have professionals make judgements about their time with their families. These young people were involved in the presentation stage of the procurement process and were given the opportunity to formulate and ask clarification questions which formed part of the tender evaluation process.
- 6.3. This experience has highlighted the benefit of co-production with children and young people. Going forward, the Children in Care Council will be involved in reviewing the contact service provision.
- 6.4. **Whole Life Costing:** The annual whole life costing for the contact service based on Provider A price is £723,500.

Provider A Price	Total
Contact Service	£638,500
Lease	£55,000 - Paid by the provider
Utilities	£30,000 - Paid by the provider
Total	£723,500

- 6.5. The projected whole life cost of the new contract is approximately £3,617,000 over five years.
- 6.6. Following the procurement, the whole life cost for contact service provision only is £3,192,500 over the full 5 year lifecycle. These costs are set out in **Exempt Appendix 3.**
- 6.7. **SAVINGS**
- 6.8. This procurement has achieved an saving of approximately £39,454 per annum. A whole life cost saving of £197,270 over five years.

## 7. SUSTAINABILITY ISSUES

- 7.1. **Procuring Green:** Consideration has been given to travel arrangements for children and families during contact sessions. Where safe to do so, contact supervisors will be encouraged to use public transport during contact sessions with children and families.

- 7.2. **Procuring for a Better Society:** The contact service will have a positive impact by providing an accessible resource for Looked After Children and their families where contact can take place in a suitable local environment. For those children placed outside the borough, it allows an opportunity to spend time within their home borough with their families, contributing to their identity needs. Such arrangements support assessments and interventions with families and increase the likelihood of rehabilitation, stability and positive contact. The impact of these factors supports children to reach their full potential.
- 7.3. **Procuring Fair Delivery:** Providers were asked to consider their recruitment process and ensure their recruited staff where possible from Hackney and the local community, thus enabling local people to access employment opportunities.
- 7.4. **Equality Impact Assessment and Equality Issues:**  
This procurement did not identify any adverse equalities issues.

## **8. ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED)**

- 8.1. **In-source contact services (In-house provision)** - This option entails integrating all contact services, by bringing the provision back in-house. The Council would incur an additional cost of £269k per annum which represents a 40% increase in the service. An in-house service also lacks the independence which is beneficial where cases are in court and evidence around contact is required.
- 8.2. **Option 2 - Outsource to a range of outsourced providers** - This option involves outsourcing the contact service to a range of providers as a framework; this option may provide a competitive market for service delivery but carries a risk of inconsistent service delivery, additional administration from liaising with multiple suppliers and additional contract management obligations to the Council.

## **9. TENDER EVALUATION**

### **9.1. Evaluation:**

- 9.1.1. Following agreement of the procurement strategy by Cabinet Procurement Committee on the 10th December 2018, a Contracts Notice was published in the Official Journal of the European Union (OJEU) reference 2019/S 099-239966 on 27th May 2019.
- 9.1.2. The Cabinet Procurement Committee approved the commencement of the procurement using the Restricted Procedure, however, the procurement was conducted utilising the Open Procedure as market insight revealed a manageable number of suppliers in the industry. This did not prejudice the process as all suppliers within the EU had access to the same information at the same time. The procurement documents



consisted of the Selection Questionnaire (SQ), Specification of Requirement, the Pricing Schedule, TUPE Data and the Contracts Terms & Conditions.

- 9.1.3. Expressions of interest were received from 48 suppliers. 35 Suppliers decided not to respond whilst seven suppliers chose to opt out citing reasons including lack of resources to bid, unable to meet the requirement, unable to be competitive and unable to meet the timescales (detailed in **Exempt Appendix 1**).
- 9.1.4. Numerous clarifications were received from providers in relation to the TUPE implications. Providers expressed concerns on the staffing obligations which may have affected the eventual response to the tender.
- 9.1.5. Six suppliers subsequently submitted a response to the Invitation to Tender (ITT) on 28<sup>th</sup> June 2019.
- 9.1.6. All suppliers passed the Selection Questionnaire which was evaluated against a predefined evaluation criterion.
- 9.1.7. The tender evaluation was undertaken by the following stakeholders;
  - Service Manager, Family Intervention & Support Service (FISS)
  - Service Manager, Looked After Children (LAC)
- 9.1.8. The evaluation panel was issued with the tenders submitted by each supplier along with the evaluation model to record the scores awarded.
- 9.1.9. Tenders were evaluated in accordance with the criteria set out in the ITT document. One tender response was deemed non-compliant as they failed to submit a full tender response and were disqualified from the process.

**Table 1- Tender Evaluation Criteria and Weightings**

<b>Criteria</b>	<b>Weightings %</b>
<b>Quality</b>	<b>70%</b>
Service Delivery	30%
Structure, Staffing & Supervision	15%
Safeguarding & Risk Assessments	10%
Quality Assurance	10%
Social Value	5%

<b>Price</b>	<b>30%</b>
<b>Total</b>	<b>100%</b>

- 9.1.10. The panel evaluated the tenders individually which were subsequently sent to procurement to collate. Two moderation meetings were held on Monday 5<sup>th</sup> and Thursday 29<sup>th</sup> August 2019 to discuss the scores awarded and arrive at a final consensus score for each element of the tenders. The qualitative scores were then combined with the score allocated to the price submission which resulted in an overall score for each provider.
- 9.1.11. The financial evaluation was based on the cost for delivering the service which excluded utilities and the leasing costs. The provider will be responsible for paying for utilities bills and the leasing costs which will be managed by Property Service.
- 9.1.12. The financial evaluation was also carried out in line with methodology stated in the ITT.
- 9.1.13. A summary of the scores can be found in Table 2 below. A detailed breakdown of the quality and price scores can be found in **Exempt Appendix 2**.
- 9.1.14. **Exempt Appendix 3** provides a detailed cost breakdown.

**Table 2 - Summary of Quality & Price Scores**

Provider Reference	Quality	Price	Total
Provider A	64.88%	23.83%	88.71%
Provider B	64.88%	20.96%	85.84%
Provider C	49.13%	30.00%	79.13%
Provider D	55.50%	23.19%	78.69%
Provider E	39.25%	29.86%	69.11%

**9.2. Recommendation:**

- 9.2.1. On the basis of the tender evaluation outcome, the Cabinet Procurement Committee is recommended to approve the contract award to Provider A the Provision of Contact Services for Looked After Children for a period of three plus two years from 1<sup>st</sup> July 2020 to 30<sup>th</sup> June 2025 at an estimated total cost detailed **Exempt Appendix 3**.

- 9.2.2. Subject to the recommendations being approved by Cabinet Procurement Committee, there will then be a mandatory standstill period between 11<sup>th</sup> and 21<sup>st</sup> February 2020.
- 9.2.3. Following the contract award, project meetings will be held to establish the requirements to enable a smooth mobilisation. TUPE will apply to a number of staff and the Council will work with Provider A to ensure a seamless transition.

## **CONTRACT MANAGEMENT ARRANGEMENTS**

### **9.3. Resources and Project Management (Roles and Responsibilities):**

- 9.3.1. The contract will be managed by a Service Manager based within the Looked After Children's Service, as the children they support are most likely to access the service. The Service Manager will be involved in the mobilisation process to ensure a seamless TUPE process.
- 9.3.2. It is expected that the impact upon service users and staff will be limited because of the experience of Provider A in delivering contact services. However, time has been set aside in the implementation plan to allow for TUPE consultation.
- 9.3.3. The project plan has allowed about three months for contract implementation (**Exempt Appendix 4**). A full mobilisation plan will be produced by the provider indicating key activities and milestones throughout the period. The Service Manager will work closely with the provider to ensure a smooth handover and implementation and will report on progress on a weekly basis.
- 9.3.4. The Contracts Team will support the implementation meetings to ensure that the contract is executed. A lease agreement has been drafted and will run co-terminus with the service contract.
- 9.3.5. The provider will be expected to attend monthly monitoring meetings for the first three to six month and quarterly thereafter. The monitoring meetings will review:
- KPI reporting
  - Monthly/quarterly provider performance
  - Invoice checking
  - Customer satisfaction surveys
  - Risk/Safeguarding
  - Estate Management
  - Quarterly strategic reviews
- 9.3.6. The provider will liaise directly with Social Workers who will be making referrals directly. These referrals will be accepted or challenged as appropriate, and there will be a continual dialogue between the provider and the Social Workers to share information about families and ensure good contact arrangements are in

place. The provider will attend Social Work team meetings to promote good working relationships.

- 9.3.7. The provider will also be expected to work in conjunction with the Service Manager to further develop customer satisfaction surveys to ensure the feedback is gathered to reflect the KPIs.
- 9.3.8. The Service Manager will also gather feedback from Children in Care Council (Hackney of Tomorrow) on a quarterly basis to ensure Looked After Children's wishes and feelings are reflected in monitoring of the contract.
- 9.3.9. The provider is expected to consult with the Children in Care Council (Hackney of Tomorrow) around future planning of the service. This will ensure the views of Looked After Children are represented.
- 9.3.10. Contact will be planned and managed with Foster Carers and families ensuring they understand the expectations of a contact session. Reports from the sessions form part of key documents used to support decision making in Family Courts.

9.4. **Key Performance Indicators:** The current KPI's are still relevant and will continue. However, they have been updated slightly. Please see Appendix 1.

## **10. COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES**

- 10.1. The recommendation of this report is to approve the procurement of a contract for Contact Services. The annual value of the contract will be £638,500 to the FISS service area and the contract will be for three years with the option to extend for a further two years (3+1+1) from 1st July 2020. The cost of the contract for the three year period will be £1,915,500.
- 10.2. The total estimated value of the re-procurement of the service over the maximum five year life of the contract is £3,192,500, and this will be met from existing budgets within Children and Families and will not result in a budget pressure for the Council.
- 10.3. The budget set for the Contact Service is £677,954 per annum which will result in a saving of £39,454 per year. The maximum savings achieved over the three and five year periods are £118,362 and £197,270 respectively.

## **11. VAT Implications on Land & Property Transactions**

- 11.1 On the assumption that the organisation is contracted to provide a service to the Council, it is agreed that the VAT should be recoverable.

## **12. COMMENTS OF THE DIRECTOR OF LEGAL AND GOVERNANCE**

- 12.1. The contract in this Report was assessed as Medium Risk, but under paragraph 2.7.11 of Contract Standing Orders the Chair of Hackney Procurement Board deemed it appropriate to refer the Business Case to Cabinet Procurement Committee for approval rather than to Hackney Procurement Board. Cabinet Procurement Committee approved the Business Case for this matter on 10<sup>th</sup> December 2018 and therefore the Contract Award Report is also being submitted to Cabinet Procurement Committee for approval
- 12.2. The Council undertook a procurement process for services which are classified as Social and other Specific Services under Schedule 3 of the Public Contracts Regulations 2015. It was necessary to publish an OJEU notice in respect of the services but the Council was free to determine the procedures to be applied in the award of the contract. The Council chose to use a procurement procedure based on the Open Procedure under such Regulations.
- 12.3. Under FR105 of the Scheme of Delegation of the Group Director of Finance and Corporate Resources the grant of a lease for less than 7 years in respect of General Fund can be approved by a Director or Head of Service. Therefore the grant of the lease to the provider which is necessary for the performance of the services in such Report should be approved in such manner.

## **13. COMMENTS OF THE PROCUREMENT CATEGORY LEAD**

- 13.1. The procurement routes for the procurement was updated in light of further market information. The number of bidders and the quality of the scores demonstrate that there is a small but competent market able to help the council meet the needs for contact.
- 13.2. The procurement process was changed from being a two stage tender to a one stage tender. Tender documentation was clear that bidders with experience of running similar services were required. Other factors, such as London Living Wage, were also clearly outlined.
- 13.3. The inclusion of young people to help assess the bids helps us to ensure that we are using insight from local people and upholding our commitment to work with local residents.
- 13.4. The tender timeline has slipped, and a further STA is required to ensure that we are in a good place to mobilise the new service. The service area will need to plan this carefully and ensure that adequate resources for this and ongoing contract management are in place.

## APPENDICES

### Public Appendix 1 - Key Performance Indicators

#### EXEMPT

**Exempt Appendix 1 - Long and Short List of Providers**

**Exempt Appendix 2 - Breakdown of Quality & Price Score**

**Exempt Appendix 3 - Detailed Cost Breakdown**

**Exempt Appendix 4 - Implementation Plan**

By Virtue of Paragraph 3 Part 1 of schedule 12A of the Local Government Act 1972 this report and/or appendix is exempt because it contains Information relating to the financial or business affairs of any particular person (including the authority holding the information) and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

## BACKGROUND PAPERS

**In accordance with The Local Authorities (Executive Arrangements) (Meetings and Access to Information) England Regulations 2012 publication of Background Papers used in the preparation of reports is required**

#### Description of document:

None.

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# **Cabinet Procurement Committee**

**11 MARCH 2020**

**Provision of contact services for  
looked after children**

**Key Decision No. CACH Q.53**

**Appendix 1**

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## Appendix 1 - Key Performance Indicators

Main KPI Targets Set	Target	Monitoring/Reporting
1. All referrals responded to within 24 hours of receipt	100%	Monthly
2. Percentage of contact visits to be held within timescales agreed at commissioning meeting	100%	Monthly
3. All staff delivering supervised contact receive: <ul style="list-style-type: none"> <li>· relevant training</li> <li>· supervision</li> <li>· corporate induction</li> </ul>	100%	Bi-Annually
4. All reports quality assured within 3 days	100%	Monthly
5. Satisfaction of managing Social Worker of overall service.	100%	Monthly
6. Satisfaction of Service Users.	100%	Monthly
7. Social Worker Satisfaction with the Quality of Contact Reports	100%	Monthly
8. Receipt of report within 5 working days of Contact visit	100%	Monthly
9. Percentage of Families assigned over Three contact workers for the duration of support provided	80%	Monthly

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<p><b>TITLE OF REPORT HIGHWAYS MAINTENANCE CONTRACT</b></p> <p>Key Decision No. NH Q57</p>	
<p><b>CPC MEETING DATE (2019/20)</b></p> <p>11th March 2020</p>	<p><b>CLASSIFICATION:</b></p> <p>Open with exempt appendices A-C</p> <p>By Virtue of Paragraph(s) 3, Part 1 of schedule 12A of the Local Government Act 1972 appendices A-C are exempt because they contain information relating to the financial or business affairs of any particular person (including the authority holding the information) and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p>
<p><b>WARD(S) AFFECTED</b></p> <p>All Wards</p>	
<p><b>CABINET MEMBER</b></p> <p>Cllr Jon Burke</p> <p>Cabinet Member for Energy, Waste, Transport, and Public Realm</p>	
<p><b>KEY DECISION</b></p> <p>Yes</p> <p><b>REASON</b></p> <p>Spending/All Wards</p>	

**GROUP DIRECTOR**

**Ajman Ali – Neighbourhoods & Housing (Interim)**

**1. CABINET MEMBER'S INTRODUCTION**

- 1.1. The Council has a statutory duty to maintain the roads, footways and associated infrastructure within Hackney for which it is the Highway Authority. This report seeks approval to support the contractual engagement of Supplier B for the Civil Engineering Lot, Supplier C for the Road Surfacing Lot, Supplier B for the Street Lighting Lot and Supplier A for the Road Marking Lot
- 1.2. These 4 separate lots cover the majority of the highway works undertaken by the Council. The Council needs to maintain our sustainable transport network for pedestrians, cycle users and public transport movements and to create a more sustainable highway environment. In addition to maintaining the highway network this contract is used to deliver a broad spectrum of initiatives such as LED lighting upgrades, Sustainable Urban Drainage Systems (SuDS), new cycle networks and are also used to plant more trees seeking our vision of a 40% tree canopy coverage across the borough. The combined predicted value of all lots is £40m over the initial 4 year period (£80m if extended for the full period).
- 1.3. Each Lot will run for a period of four years 2020 – 2024 with the option to extend for an additional 4 years (2 x 2-year extensions). The contract extension periods will be subject to the performance of the Contractor and any further discussions regarding insourcing or procurement strategy.
- 1.4. The award of the proposed Streetscene Highways Maintenance contract will support the continued delivery of high-quality services to maintain and improve our street scene. It is through a strong partnership approach between the Council and their service providers that works to the public realm improves the streets in Hackney for the benefit of all users.
- 1.5. Members should note that whilst the report seeks approval to continue to contract out the majority of the highway disciplines of civil engineering, road resurfacing, road markings and street lighting works, as part of a phased insourcing programme, the activities of winter service (roads)

and cyclical gully cleaning, that formed part of the previous contract arrangements, will be brought back in-house to Waste Operations from April 2020. Consideration is also being given to insourcing the responsive repairs activity for Highways. As agreed at the CPC meeting of 11th February 2019 the insourcing of the responsive repairs is likely to be in 18 – 24 months from the commencement of the new contract and will only proceed if it is considered viable.

## **2. GROUP DIRECTOR'S INTRODUCTION**

- 2.1. Following a competitive procurement process, this report seeks approval to appoint a contractor to deliver the Streetscene Highways Maintenance Contract of Civil Engineering, Road Surfacing, Street Lighting and Road Markings.
- 2.2. The Streetscene Highway Maintenance contract was tendered in four separate lots. This contract will deliver the following:-
  - Provision of a cost-efficient, quality-driven highways related service, which delivers a safe, high-quality public realm environment for the people that live, work and travel through Hackney.
  - A contract that focuses on the Sustainable Procurement Policy, Strategy (PSG) and that provide local employment opportunities including at a minimum, the London Living Wage (LLW). There is also a requirement for one apprentice to be employed on the contract for every £1m of expenditure
  - A contract that reduces construction waste by re-use and recycling wherever possible.
  - A practicable solution in which to have a phased return to insourcing and enable the Council to grow the in-house service provision that will result in less reliance on external service providers.

## **3. RECOMMENDATION(S)**

**That Cabinet Procurement Committee approves:**

- 3.1. **The award of the suite of Streetscene Highways Contract (4 Lots) 2020-2024;**
- 3.2. **The option to extend each lot for an additional 4 years (2 x 2-year extensions) and to enter into the relevant contract and any other ancillary legal documentation relating thereto with the Bidders in this paragraph for the performance of such works on such terms as shall be agreed by the Director of Legal and Governance Services. This contract will start on the 1st of July 2020 to;-**
  - **Civil Engineering Term Contract (LOT1) -Bidder B**

- Road Surfacing Term Contract (LOT2) -Bidder C
- Street Lighting Term Contract (LOT3) -Bidder B
- Road Marking Term Contract (LOT4) -Bidder A

3.3. That Cabinet Procurement Committee notes that whilst the report seeks approval to contract out the highway disciplines of civil engineering, road resurfacing, road markings and street lighting works that, as part of a phased insourcing programme, the winter service (roads) and cyclical gully cleaning will, from April 2020, be brought back in-house to Waste Operations, an existing in-house service provider.

#### 4. RELATED DECISIONS

4.1. The strategy for the procurement of the existing Streetscene contract with a suite of four lots (Civil Engineering, Road resurfacing, Street lighting and Road marking) was reviewed at the Cabinet Procurement Committee on 16<sup>th</sup> March 2010 and approval to award the contract with an option to extend for a period of 2 + 2 years was taken by the Cabinet Procurement Committee on 18<sup>th</sup> January 2011.

4.2. The decision to take the option to extend the lots for a total of a four year period to March 2019 by a delegated powers report to the Corporate Director of Health & Community Services in March 2014.

4.3. The CPC meeting of 10<sup>th</sup> December 2018 requested officers to clarify and to comment further on the possible breakdown of a proposed large single contract into smaller lots and shorter contract duration periods. Officers were further requested to examine in further detail the options for possible insourcing of this service both wholly and partially in consideration of the recently adopted Sustainable Procurement Strategy.

4.4. The CPC meeting of 11<sup>th</sup> February 2019 approved the OJEU procurement strategy for the re-tender of the Streetscene Highways maintenance contract. Each of the four lots is to run for a period of four years 2019 – 2023 with the option to extend for an additional 4 years (2 x 2-year extensions).

#### 5. REASONS FOR DECISION/OPTIONS APPRAISAL

5.1 The Council has a statutory duty to maintain the roads, footways and associated infrastructure within Hackney for which it is the Highway Authority.

5.1.1 Hackney Council annually delivers a vast range of highways related services to its local community of people who live, work and spend their leisure time in the borough. The public highway maintained at public expense is an important part of the integrated transport network that supports the local economy and sustainable growth. The public highway is one of the most expensive assets that the Council owns with the gross replacement cost of replacing this asset, not including land value, has been valued at £600 million. It is a high priority



of the Council to maintain and improve the highway network in order to enable safe and expeditious movement of its users throughout the Borough. This would not be possible without the support and assistance of specialist highway contractors.

- 5.1.2 In 2010, the Council awarded the Streetscene contract suite of four lots (Civil Engineering, Road Resurfacing, Street Lighting and Road Marking). Volker Highways Ltd was awarded three of the four lots (Civil Engineering, Road Resurfacing and Street Lighting) whilst Marlborough Surfacing Ltd. was awarded the remaining lot (Road Marking). These lots were all extended for a four year period that commenced on 1st April 2015. They were each extended again by a single tender action process to the end of June 2020 to facilitate the completion of this procurement process and to ensure business continuity.
- 5.1.3 The procurement model of delivering the works through four separate lots was to encourage small and medium-sized contractors and to encourage competitiveness. This did not occur as the three most high-value lots were awarded to one large contractor. This system of one contract provider worked extremely well by improving works and service delivery coordination. The benefits of giving small, medium enterprises (SME's) the ability to tender for the works are seen as equally important and the proposal to group all the works into one large contract was resisted.
- 5.1.4 Pre-tender meetings with three contractors, discussions, with other local authorities, the Head of Service (Streetscene) and Group Engineer (Highways) have agreed that the current method of 4 separate lots, with the exception of highway-related activities of Winter Service (roads) and cyclic gully cleaning that will be brought back in-house from April 2020, is a viable solution to deliver a highways service. Consideration is also being given to insourcing the responsive repairs activity although this is likely to be in 18 – 24 months from the commencement of the new contract if it is considered to be a suitable method to deliver part of the highways service.
- 5.1.5 The local authorities canvassed have a range of three to five-year contracts with the provision to extend for additional periods of between three and five years. The extensions to these contracts are subject to satisfactory performance. A contract with a longer-term is the preferred option as it provides both the Council and contractor with long term certainty and perhaps more beneficial terms. The contractor has the ability to incorporate leasing agreements and capital investments being spread over a longer period to reduce tendered prices, such as depots, plant and equipment.
- 5.1.6 The contract will utilise the existing capital and revenue budgets during the life of the contract. The recommended contract is a 'call off' schedule of rate Term Contract which provides no guarantee of work volumes. This gives the flexibility to ensure that programmes can be met from within existing and future budget allocations.

5.1.7 The Schedule of Rates have been prepared in accordance with the Method of Measurement for Highway Works published by The Stationery Office as Section 1 of Volume 4 of the Manual of Contract Documents for Highway Works.

5.1.8 The priced contract schedule of rates that are priced by the contractor shall be used in delivering all traffic-related schemes such as cycle lanes, traffic calming, major and minor footway reconstruction schemes, major and minor carriageway resurfacing projects, street lighting upgrades and repairs, road marking renewal. The type of project will determine which items are used from the schedule of rates.

5.1.9 The total value of the 4 lots will ultimately be determined by the available capital and revenue budgets during the life of the contract. The estimated value of all four lots is £80m over the full eight-year term. The annual spend in recent years has been 2014/15 £7.9m. 2015/16 £12.0m. 2016/17 £10.8m and 2017/18 £10.2m.

5.1.10 The predicted annual value of each of the 4 lots is:

- Civil Engineering £6.0m pa
- Road Surfacing £2.0m pa
- Street Lighting £1.5m pa
- Road Marking £0.5m pa

5.1.11 This contract would not prevent Streetscene or other service areas from seeking 'spot' tenders for works outside the core scope of these lots. Each of the 4 lots is for highway-related works anywhere within the Borough boundary. This includes all areas on the public highway and those off the public highway, such as council-owned roads and footways in housing estates should work be required to these areas. There is the option for other service areas within the Council to use the Streetscene Highways Maintenance Contract where there is an urgent requirement for works to be undertaken or to benchmark prices that they have received for similar projects.

5.1.12 This procurement has been carried out in accordance with the process approved by the Cabinet Procurement Committee in the Streetscene Highway Maintenance Contract detailed Business case (approved 11th February 2019).

5.1.13 The Business Case approved the OJEU procurement strategy for the re-tender of 4 separate highway maintenance lots for a period of 4 years 2020-2024 with the option to extend for an additional four years (2 x 2-year extensions).

5.1.14 The decision to undertake a Restricted (two-stage) tender was selected as the preferred procurement route as it provided the pre-qualification of bidders so reducing the number of bidders invited to tender to those suitably qualified and to make the tender more attractive.

5.1.15 In line with the Public Contract Regulations (PCR) 2015 and Council's Contract Standing Orders (CSOs), the contract was advertised on Contracts Finder and London Tenders Portal to ensure that we achieved the procurement principles of transparency, fairness and competition by offering the opportunity to the largest number of bidders as possible.

5.1.16 The contract lots have each been evaluated on 30% quality and 70% price.

## 5.2 ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED)

5.2.1 Hackney Council faces significant budgetary pressures across the next few years due to ongoing Central Government funding reductions and as a result needs to continue reviewing their service provision options as they look to make efficiencies, reduce budgets and improve performance. The Highways Maintenance Efficiency Programme (HMEP) produced useful information when seeking different models of service delivery to compare and evaluate. While some authorities believe the best way of achieving these measures is through handing as much as possible over to external contractors (outsourcing), others believe bringing services back in-house (insourcing) is the more cost-effective long term option.

**5.2.2 Option 1 - Bring all the works associated with the contract back in house.** There is a current lack of operational and supervisory experience, together with a lack of specialist plant and equipment to bring the service in-house in the short term. Because of the lack of resources, the Council would (dependent on the outcome of any TUPE transfer) need to invest in new staff with the relevant skills and experience, establish an operational base and procure the specialist equipment and vehicles required to provide a highways service.

5.2.3 The insourcing process will also impact upon Council Corporate services such as finance and human resources to deal with the increased number of staff. The amount of operational staff required to undertake all works in the contract would be in excess of 100 staff and it has been estimated that very few of the required operatives would transfer under TUPE as 95% of the existing operatives are employed by supply chain partners to Volker Highways Ltd. In addition to the staff requirements, it has been estimated that 30 – 50 medium-sized lorries and 20 HGV's would need to be either purchased or leased. There is a major risk to the Council that at the point of transfer there would not be any contingency arrangements in place to guarantee service delivery.

5.2.4 There are peaks and troughs in the works programme that affect the amount of specialist labour required at different times throughout the financial year. There are a number of activities that are completed on a daily basis (gully cleansing, responsive and planned repairs etc.) this ensures that operatives have a steady stream of work. There are however many other areas (traffic schemes, major footway & carriageway schemes etc.) that are implemented at different stages over the financial year. Whilst an outsourced contractor has

the ability to move the surplus skilled operatives and specialist equipment to another contract an insourced service provider has more limited scope to transfer specialist staff on to other workstreams.

5.2.5 The lack of staff, equipment and operational accommodation associated with insourcing all the highway maintenance activities included in the Streetscene highways maintenance contract en masse at the end of the current contract does not make this option viable and was therefore rejected.

5.2.6 In summary, Officers consider that this model has a limited likelihood of providing the savings and efficiencies needed. A resource shortage would be a likely outcome of selecting this delivery model as potentially only a very limited amount of employees are likely to TUPE to a completely new in-house direct labour organisation (DLO). This would leave a major gap in resources and expertise in key skilled roles and a major risk to this council in maintaining the public highway.

#### **5.2.7 Option 2 - Award a single contract for all the works consisting of the civil engineering works, road resurfacing, road marking contract and street lighting contract**

5.2.8 The general trend across London boroughs has been to award a large single highway contract, however, a number of authorities continue to award separate highways contracts. The procurement strategy promotes and encourages smaller businesses and therefore the size of this large contract could unnecessarily exclude these businesses from bidding. It should, however, be recognised that the approach of a single large contract would have encouraged SME's, albeit at the upper echelons of turnover. The National and European definition of an SME is as follows:-

- has fewer than 250 employees; and has either (a) annual turnover not exceeding £40 million or (b) an annual balance-sheet total not exceeding £34 million.

5.2.9 The model for a single contractor to bid for all the works in one contract was rejected as it did not encourage SME.

#### **5.2.10 Option 3 – Extend the existing contract**

5.2.11 The current arrangement was let as four separate lots and the Council has no legal basis under Regulation 72 of the Public Contracts Regulations 2015 to extend them beyond their current termination dates. However, as a result of slippage and in order to facilitate the procurement of the new contract the existing lots have been extended to ensure essential maintenance continues to be provided.

#### **5.2.12 Option 4 - Share another Authority's contract.**

- 5.2.13 The option for Hackney Council to work across Borough boundaries to collaborate and partner with neighbouring councils where their objectives and local services complement each other was considered. In practice for this to work, it was realised that any partner would need to be on a similar contract procurement time frame as Hackney and that any proposed contract would permit such arrangements.
- 5.2.14 A review was undertaken of neighbouring authorities to identify suitable authorities and informal discussions were held with a number of these authorities. For many, the timescale precluded any immediate interest. When considering sharing a contract, each authority would need to be satisfied that there would be mutual benefits, similar requirements, a reduction in tendering costs and savings in tendered rates.
- 5.2.15 A neighbouring Council was identified as one of the few authorities that met these mutual requirements. This Council had similar Highways maintenance requirements to Hackney Council and is considering other options to their current arrangement with London Highways Alliance contract (LOHAC).
- 5.2.16 Senior Streetscene officers met with their counterparts in a neighbouring borough during October 2017 to explore any benefits of sharing a highways maintenance contract that they were at the early stages of procuring.
- 5.2.17 The neighbouring borough would have taken the lead in managing the contract. A number of lessons were learnt as part of the review such as coordination issues between the boroughs in terms of ordering and planning of works programmes, different contract specifications & response times. A potential risk to the success of this type of arrangement surrounded which borough had priority when ordering works and projects. There was a concern that this could have led to Hackney receiving a secondary service during peak work periods.
- 5.2.18 The procurement timetable of the neighbouring borough did not align with Hackney and for this and the reasons above, this option was rejected.
- 5.2.19 Option 5 - Sign up to use the London Highways Alliance contract (LOHAC) that was promoted by TfL.**
- 5.2.20 LoHAC is a framework of collaborative highways services contracts. It was developed jointly by Transport for London (TfL) and London Boroughs for the provision of highway maintenance works throughout London. It is accessible to all London Boroughs and used by (TfL) to maintain their own highway network.
- 5.2.21 London is split into four regions for the purposes of the LoHAC. These regions were chosen to maintain a manageable and sustainable contract size in the event that there was a take-up by London Boroughs. Hackney is included within the Central area.

- 5.2.22 Each framework commenced in April 2013 for a period of eight years until the end of March 2021. The successful contractor for the Central area was CVU which is a Joint Venture (JV) between Colas, Volker Highways and URS. In the Central area, the London boroughs of Camden, Tower Hamlets and Islington joined LoHAC under framework agreements as Tier 1 authorities. Hackney did not sign up as we were operating a highways maintenance contract (4 LOTS 2011 -2019).
- 5.2.23 Currently, a number of London Boroughs are actively looking to leave the contract or are considering other arrangements when their LoHAC contract ends. A West London borough previously decided not to use the framework after finding that they were more expensive than a rival bid from a contractor after going through a procurement exercise. Similarly, officers within Streetscene have undertaken extensive cost comparisons with the LoHAC rates that also demonstrated that our current contract rates were more competitive whilst providing the same level of quality.
- 5.2.24 Hackney Council will monitor the new LoHAC that is due to commence from 2021 with a view to joining the framework agreement if it proved advantageous to do so. The LoHAC would be considered as a contingency in the unlikely event the contract failed

## **6. PROJECT PROGRESS**

### **6.1. Developments since the Business Case approval**

6.2. None

### **6.3. Whole Life Costing/Budgets:**

Streetscene budgets include both revenue and capital funding. These budgets include Transport for London (TfL) allocations received by Hackney and the S106 sums received through the planning process.

These are term schedule of rates contracts and provide no guarantee of any specific volumes of work to the contractor(s). The Council could considerably reduce or cease using the contract should there be a funding reduction.

The anticipated spend over the 8-year life of the 4 lots is £80m. This estimate is based on an annual revenue budget of £2m and a capital budget of £8m. The capital budget includes the sum of £1.5m that is received from TfL for scheme works. The revenue budget also includes the sum of between £240k and £910K (depending on the level of service) that may be insourced to an internal service provider to undertake a responsive repairs activity. The estimate of the total spend does not include any potential-housing works that may arise from the cross-cutting public realm programme or works ordered through this contract via other service areas.

The recent year's expenditure on the existing highways contract has been:-

- 2014/15 - £7,973,800
- 2015/16 - £12,069,500
- 2016/17 - £10,828,700
- 2017/18 - £10,226,900

#### 6.4. SAVINGS

The amount of cashable savings generated by the new contract has been calculated on the new priced schedules of rates commencing in 2020/2021 and the existing contract rates:-

- Civil Engineering + 5% (Increased)
- Road Surfacing - 5% (Decreased)
- Street lighting - 4% (Decreased)
- Road Marking - 12% (Decreased)

However, over the term of the current contract, the inflation indexation which commenced at the beginning of the second year (2012/13) to date (2019/2020)-has been:-

- Civil Engineering 15.7%%
- Road Surfacing 10.4%
- Street lighting 10.03%
- Road Marking 14.89%

As Streetscene capital and revenue budgets have not been increased over this period, the purchasing power has been considerably reduced. Over the last 9 years of the current contract the purchasing power of Streetscene for highway maintenance works such as potholes (that are included in the Civil Engineering Contract) has decreased by over 15%. Not only has purchasing power decreased by over 15% over the previous 9 years, but it is also now subject to a further 5% decrease as the Civil Engineering Contract is subject to a 5% increase. The budget for the service will therefore need to remain the same to mitigate the inflationary impact and remain compliant.

Whilst any savings realised during the first year of the new Streetscene Highways contract (where the infrastructure indexation applicable is not applied) is welcomed the indexation during subsequent years will further negate any cashable savings.

There may be scope for savings during the period that the contract is extended. This will be subject to the performance of the contractor(s) during the initial 4 year period of the contract and reaching the point where Hackney considers extending the contract. Savings were delivered in the negotiations in early 2014 where Streetscene officers achieved a 3% reduction to all contract rates when extending the existing contract. Again without any increase in budgets, any savings will need to be retained within the service to mitigate the inflationary impact of the indexation associated with the contract.

## **7. SUSTAINABILITY ISSUES**

### **7.1. Procuring Green**

There is an obligation on the contractor to comply at all times with the Environmental Protection Act 1990 and other relevant legislation but also with the environmental policies of the Council.

As part of the tender process, the contractors' awareness of environmental issues in relation to the delivery of service were assessed in their Quality submission. The contractor's performance will also be performance managed through the KPI's (**Appendix D**) and contract management arrangements in order to ensure that environmental issues are being actively addressed.

Robust efforts will be made to minimise miles travelled through the delivery of the contract by staff planning and programming the responsive repair works on a geographical area basis. This will reduce the travelling time of vehicles. The recommended contractor has offices and a compound on the Borough boundary which again will also reduce the travelling time between sites. The vehicles used by the contractor are all Euro 5 or above with the majority incorporating start/stop technologies. All new vehicles purchased by the contractor will be Euro 6 compliant. Waste will be minimised through the reuse of materials where practical. Where appropriate, permeable materials will be specified within the contract to minimise the impact of surface water flooding.

The contract will deliver 100% of the new LED street lighting upgrade programme in-line with the forthcoming Green Infrastructure plans. The use of new LED street lighting, cycle routes, walking enhancement projects, implementing sustainable drainage systems (SuDS), bus projects and tree planting will all have a positive environmental impact and these works are all completed using this contract.

The award of this contract in a timely fashion will allow the effective delivery of the 5000 Street Trees pledged by the Council and their aftercare. The contract will enable meaningful progress of the "Largest Urban Street tree programme" this country has ever seen.

### **7.2. Procuring for a Better Society**

The new Streetscene Highways maintenance contract promotes local employment and training. The contractor is required in three of the four lots to employ a number of apprentices (1 apprentice per £1m. spend). In addition to employing apprentices, each contractor was required in their submission process to demonstrate how they will recruit and retain local staff during the life of the contract.

The preferred bidder has also confirmed that they will pay as a minimum the London Living Wage, as well as applying this to all firms within their supply



chain for each of the four lots. They also intend to work with local businesses and listed them in their submission.

The Streetscene Highway Maintenance contract was separated into four separate Lots to encourage SME's to tender for them. The Road Marking contract was the smallest value contract and attracted a number of smaller SMEs to bid for the works. Although the Council achieved their target of encouraging smaller SME's to tender for the work in this procurement process none were successful. Whilst the smaller suppliers were not successful nonetheless an SME (as defined by the National and European definition) has been recommended for award of the four lots.

### 7.3. **Procuring Fair Delivery**

As part of the selection process, the contractor was asked to provide evidence that they comply with the Equality Act 2010 and the Council's standards. Contractors were required to demonstrate as part of their quality submission that they operate an active equal opportunities policy that achieves targets that encourages an ethnically diverse workforce; also that they demonstrate their consideration for local employment.

A well-maintained highway asset/street scene benefits all groups and in particular assists older people, visually impaired people, those with mobility problems and their carers that have particular requirements in navigating the public realm. These groups are considered at the design stage of planned maintenance schemes and during routine maintenance operations that are implemented using the highways contract.

Increasing accessibility is a key component of all major planned maintenance work schemes. This includes the improvement of dropped kerbs, crossovers and raised level carriageway surfaces at junctions. Again these works are undertaken using the Streetscene Highways contract.

Improvements and good maintenance of the public realm will benefit all sections of the community. A high-quality environment increases the sense of well-being. An effective highway maintenance contract supports the Council's disability and gender equality outcomes by making the public realm barrier-free and more accessible.

Maintenance of the public highway is a universal service that affects / benefits, all residents and visitors in the borough. There is not thought to be any particular adverse impacts on those with protected equality characteristics.

## 8. **ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED)**

The list of options that were considered and rejected when preparing the business case are detailed earlier in this report (**section 5.2**).

Whilst Officers came to the conclusion that insourcing en masse was not a viable option, a phased return of service delivery may be achievable. The

activities of winter service (roads) and cyclical gully cleaning that formed part of the previous contract arrangements were removed from the new contract will be brought back in-house to Waste Operations an existing in-house service provider from April 2020. Consideration will also be given to insourcing the responsive repairs activity for Highways. The insourcing of the responsive repairs is likely to be in 18 – 24 months from the commencement of the new contract and will only proceed if it is considered viable. Depending on the success of the insourcing of these activities future highway activities will be considered during the life of the contract.

Streetscene Officers have commenced meetings with other London Boroughs to review their existing in-house highway services and also with London Boroughs that are intending to insource highway work activities. As part of the review, they are gathering information regarding set up costs, operational costs along with staffing numbers and ancillary support activities. In addition to this information scoping exercises have been carried out to identify plant, equipment and depot requirements.

Officers will be outlining a programme for this second phase of the insourcing programme in a report that will be presented to Cabinet within twelve months of the contract commencing.

## **9. TENDER EVALUATION**

### **9.1. Evaluation:**

In compliance with the Public Contracts Regulations 2015<sup>2</sup>, a Contract Notice of the proposed tender was published on 8th October 2019 in the Official Journal of the European Union (OJEU), via the online London Tenders Portal using the Restricted Procedure.

The Selection Questionnaire (SQ) and the Invitation to Tender (ITT) including a Bill of Quantities, specifications, drawings and associated appendices for each of the 4 lots was published on Contracts Finder and London Tenders Portal via Pro-Contract, the Council's e-procurement system on the 7th October 2019 with a submission deadline for the SQ of 7<sup>th</sup> November 2019.

In addition to the standard SQ questions, the potential bidders were required to respond to project-specific questions as part of the pre-qualifying process to be shortlisted. The project-specific questions with their weightings were:

- Relevant experience 20%
- Management team 20%
- Case Studies 20%
- Added Value 20%
- Social Value 20%

The responses were assessed individually by the Evaluation Panel comprising three Streetscene Officer's followed by a moderation meeting with the Procurement Category Manager.

**(Lot 1) Civil Engineering Contract**

Two compliant bidders out of three who expressed an interest were shortlisted and invited to bid

**(Lot 2) Road Surfacing Contract**

Three compliant bidders out of six who expressed an interest were shortlisted and invited to bid

**(Lot 3) Street Lighting Contract**

Two compliant bidders out of four who expressed an interest were shortlisted and invited to bid

**(Lot 4) Road Marking Contract**

Three compliant bidders out of three who expressed an interest were shortlisted and invited to bid

The long list of the shortlisted bidders for each Lot and their scores following the SQ assessment can be found in **Exempt Appendix A** and the shortlist of the bidders can be found in **Exempt Appendix B**.

The shortlisted bidders were then invited to bid with a submission deadline of 7<sup>th</sup> January 2020.

The evaluation was based on the Most Economically Advantageous Tender (MEAT). The evaluation criteria were split between Quality (30%) and Price (70%).

Bidders were required to submit a completed pricing schedule against an indicative package of annual works for each Lot that were specifically designed for the evaluation process as well as a qualitative response. The qualitative evaluation criteria headings and the weightings are listed below for each contract:-

**(Lot 1) Civil Engineering Contract**

- Contract People, Structure, Organisation and Management 30%
- Supply Chain, H&S, Customer and Process 30%
- Contract Delivery 20%
- Social Value 10%
- Collaboration and Performance 10%

**(Lot 2) Road Surfacing Contract**

- Contract People, Structure, Organisation and Management 30%
- Supply Chain, H&S, Customer and Process 30%
- Contract Delivery 20%
- Social Value 10%
- Collaboration and Performance 10%

**(Lot 3) Street Lighting Contract**

- Contract People, Structure, Organisation and Management 30%
- Supply Chain, H&S, Customer and Process 30%
- Contract Delivery 20%
- Social Value 10%
- Collaboration and Performance 10%

**(Lot 4) Road Marking Contract**

- Contract People, Structure, Organisation and Management 50%
- Supply Chain, H&S, Customer and Process 20%
- Contract Delivery 10%
- Social Value 10%
- Collaboration and Performance 10%

The qualitative elements of the bids were individually evaluated by members of the Evaluation Panel. The scores were then moderated with the support of the Procurement Category Manager.

The final weighted scores together with the ranking of the bidders for each of the Lots are summarised in **the table below**:

<b>ITT SCORE SUMMARY - Lot 1 - Civil Engineering</b>				
<b>SUPPLIER</b>	<b>QUALITY SCORE</b>	<b>PRICE SCORE</b>	<b>TOTAL SCORE</b>	<b>RANK</b>
B	30.0%	70.0%	<b>100.0%</b>	1
A	26.4%	61.9%	<b>88.3%</b>	2
<b>ITT SCORE SUMMARY - Lot 2 - Road Surfacing</b>				
<b>SUPPLIER</b>	<b>QUALITY SCORE</b>	<b>PRICE SCORE</b>	<b>TOTAL SCORE</b>	<b>RANK</b>
C	28.7%	70.0%	<b>98.7%</b>	1
B	27.2%	55.90%	<b>83.2%</b>	2
A	26.6%	51.0%	<b>77.7%</b>	3

ITT SCORE SUMMARY - Lot 3 - Street Lighting				
SUPPLIER	QUALITY SCORE	PRICE SCORE	TOTAL SCORE	RANK
B	29.0%	70.0%	99.0%	1
A	28.4%	54.6%	83.0%	2
ITT SCORE SUMMARY - Lot 4 - Road Marking				
SUPPLIER	QUALITY SCORE	PRICE SCORE	TOTAL SCORE	RANK
A	30.0%	70.0%	100.0%	1
B	20.7%	38.9%	59.7%	2
C	24.0%	24.6%	48.6%	3

The above table inclusive of the Supplier names is provided in **Exempt Appendix C** attached to this report.

## 9.2. Recommendation:

The evaluation panel recommended the bidder that was the lowest in price and highest in quality for each of the four Lots. The panel clarified the tender rates to ensure that the bidder had made a full and complete submission for all elements. In addition to evaluating the bidders priced schedule of rates against an indicative package of annual works the panel also used pre-set sample rates. This exercise reduces the possibility of any bidder submitting a 'rogue' price for any schedule of rates item.

It is recommended that the Cabinet Procurement Committee approve the award of each of the four Lots of the Streetscene Highways Contract as follows:

Civil Engineering Term Contract (LOT1)	-Bidder B
Road Surfacing Term Contract (LOT2)	-Bidder C
Street Lighting Term Contract (LOT3)	-Bidder B
Road Marking Term Contract (LOT4)	-Bidder A

The contract is four years with the option to extend each lot for an additional 4 years (2 x 2 year extensions). The contract will start on the 1st July 2020.

It should be noted the successful contractor for each Lot will be required to provide either a performance bond or a parent company guarantee (PC).

## 10. CONTRACT MANAGEMENT ARRANGEMENTS

### 10.1. Resources and Project Management (Roles and Responsibilities):

The contract will be managed and monitored by Streetscene. The Head of Streetscene is the designated 'Engineer' to the contract as defined in the Infrastructure Conditions of Contract (ICC) Term Version 2011.

The recommended contract is a 'call off' schedule of rates Measured Term Contract and provide no guarantee of work volumes. The Schedule of Rates have been prepared in accordance with the Method of Measurement for Highway Works published by The Stationery Office as Section 1 of Volume 4 of the Manual of Contract Documents for Highway Works.

The contract will be managed internally via a Project Board led by Senior Streetscene Management Team members. Strategic project client side management will be carried out by Head of Streetscene, Streetscene Group managers and the dedicated Streetscene Contracts Manager every three months with senior management representatives from the contractor. Business level meetings will be held on a monthly basis that include the client side Contracts Manager, Principal Engineers, their respective team's individual project engineers together with the contractor's managers and supervisors. The business level meeting will deal with the day to day operational management of the contract and will escalate any issues to the board that cannot be resolved. They will also be responsible for ensuring that the Board is serviced with information relating to progress against agreed targets and key risks and issues. All major strategic decisions will be referred to the Project Board for approval **(see table below)**

<b>Meeting</b>	<b>Frequency</b>	<b>LBH</b>	<b>Contractor</b>
Strategic level board Meetings Demonstrating commitment; Initiatives; management; Promoting the relationship; Performance review	Quarterly, (Performance reviews every six months)	Head of Streetscene, Group Manager-Highways, Group Manager- Design and Contracts Manager	Contractor Director and/or Senior Contract Manager, Contract Manager
Business Level Meetings Contract administration; Relationship Service	Monthly	Principal Engineers, Senior Engineers and Contracts Manager	Contract Manager, Site Agent

planning and monitoring; Change management; Performance monitoring			
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The contract sets out the management expectations and mechanism for the collaborative relationship between the Council and the appointed contractor.

The contract specification and conditions will set out the frequencies of operational tasks, strategic meetings and the route for problem resolution. Performance will be measured against KPIs as part of the contract terms and conditions and will incorporate users' satisfaction with service provision, measured through regular performance meetings.

## 10.2. **Key Performance Indicators:**

The list of the KPI targets for each of the four lots is detailed in **Appendix D**. The KPI targets will be monitored as part of the contract management arrangements detailed above.

Performance information will be collected on a monthly basis from the Contractor and the Council's own records; with reviews being undertaken on a quarterly basis. A formal review meeting will be held every 6 months at the strategic level to assess the performance of the contract. As well as these formal reviews, it is intended that a progressive review policy will be ongoing as part of the projects' and contract's normal project management. This is to ensure that important information and lessons are neither lost nor forgotten and should be a benefit to work in progress where information and experiences can be exchanged.

## 11. **COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES**

- 11.1. This report details the competitive procurement process and seeks approval to appoint a contractor to deliver the Streetscene Highways Maintenance Contract comprising of 4 lots (Civil Engineering, Street Lighting, Road Surfacing and Road marking). The proposed contract term is 4 years with options to extend for further 4 years of (2x2 year) extension, which is subject to contractor performance, in sourcing and procurement strategy. .
- 11.2. As set out in section 3 the key recommendation of the report is to approve award of contract to commence from July 2020 for 4 separate lots; Civil Engineering to Bidder B, Road Surfacing to Bidder C, Street Lighting to Bidder B and Road Marking to bidder A.
- 11.3. Section 5 looks at alternative options considered and rejected mainly bringing the service inhouse. Certain activities consisting of gully cleansing and winter maintenance will be performed by the Council's Waste Operations Team from

April 2020. There is also the intention to bring further activities which are to be procured in-house at a later stage. These activities will be considered separately and will be subject to an appropriate cost-benefit analysis.

- 11.4. The value of the contract for all 4 lots is circa £40m for the initial 4 years (£80m if extended for the full 8 year period). A robust contractor evaluation has been carried and the recommended bidder was the lowest in price and highest in quality for each of the four lots.
- 11.5. As set out in section 5.6 of the report this contract is a framework contract based on a term schedule of rates which means that no guarantees are given over the volume of work. The majority of funding for this contract comes from LBH revenue and capital budgets together with direct funding from TfL (Transport for London) and S106 sums received through the planning process. The expenditure incurred under the contract will need to be contained within the budgets available at the time which can fluctuate, particularly capital and TfL due to relevant priorities at the time.
- 11.6. As indicated in section 6 of the report it is difficult to quantify the true cashable savings on this contract, initial calculations show that overall there has been an net increase of £80k in costs compared to predicted budgeted spend. Within the first year savings will be realised as contractual uplift is not applied, however going forward there will be annual contractual uplift which negates any savings.

## **12. VAT Implications on Land & Property Transactions**

N/A

## **13. COMMENTS OF THE DIRECTOR of LEGAL and GOVERNANCE SERVICES**

- 13.1 The Business Case for the procurement of the Streetscene Highways Maintenance contract was assessed as high risk and was approved by Cabinet Procurement Committee on 11<sup>th</sup> February 2019. Therefore under paragraph 2.5.3 of Contract Standing Orders the award of contract will need to be approved by Cabinet Procurement Committee.
- 13.2 The combined value for the contract is an estimated at £80m over the course of a maximum of eight years and therefore is in excess of the current threshold for works under the Public Contracts Regulations 2015. Therefore the Council published an OJEU notice in respect of the contract. The Council used the Restricted Procedure to undertake the procurement, pursuant to Regulation 28 of the Public Contracts Regulations 2015. Details of the procurement process are set out in this Report.
- 13.3 The award of the suite of maintenance contracts will ensure that the Council fulfils its obligations as the highway authority for those roads in Hackney for which TFL are not responsible. This is in line with its statutory duties set out in section 41(1) and section 41(1A) of the Highways Act 1980.



13.4 The form of works contract intended to be used is the ICC Infrastructure Conditions of Contract, which replace the ICE Conditions of Contracts.

#### **14. COMMENTS OF THE PROCUREMENT CATEGORY LEAD**

- 14.1. The overall value of the proposed contract is £80m and above the EU threshold for works contracts, it is therefore subject to the Public Contracts Regulations 2015. Alternative procurement routes were considered and rejected as described elsewhere in this report. The preferred procurement route was the Restricted Procedure with the works contract split into four discrete types of works. This provided greater assurance of identifying suitably qualified contractors but also a more attractive offer to the market. The shortlisting assessments and the tender evaluations were supported by the procurement team.
- 14.2. The separation of the works contract into four separate Lots was intended also to attract local and SME contractors to bid. Unfortunately this has not been reflected in the outcome as they were not able to compete on price relative to the larger contractors.
- 14.3. The separation of the Lots has facilitated the potential phased insourcing of the works. The winter service and cyclical gully cleaning will, from April 2020, be brought back in-house to Waste Operations.
- 14.4. Subject to a viability assessment it is proposed that within the next 18-24 months from contract commencement, as part of insourcing next phase, the responsive repairs will be brought back in house.
- 14.5. Further insourcing phases will be considered following a review of the first two phases. The Streetscene team are in the process of researching and developing a report and plan which will be submitted to CPC within the next 12 months. Our Procurement Category Lead is required to comment on/endorse all reports presented to Committee.

#### **APPENDICES**

**Exempt Appendix A** – Long List of SQ Bidders and Scoring

**Exempt Appendix B** – Short List of ITT Bidders

**Exempt Appendix C** – Summary of Final ITT Scoring

**Appendix D** - Key Performance Indicators (KPI's)

#### **EXEMPT**

By Virtue of Paragraph(s) 2 Part 1 of schedule 12A of the Local Government Act 1972 this report and/or appendix is exempt because it contains Information which is likely

to reveal the identity of individual and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

## BACKGROUND PAPERS

In accordance with The Local Authorities (Executive Arrangements) (Meetings and Access to Information) England Regulations 2012 publication of Background Papers used in the preparation of reports is required

None

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# **Cabinet Procurement Committee**

**11 MARCH 2020**

## **Highways Maintenance Contract Key Decision No. NH Q57**

### **Appendix D**

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## **Appendix D - Key Performance Indicators (KPI's)**

The Council will maximise the value of the contract by a process of continuous improvement in performance. It will employ the use of Key Performance Indicators (KPIs) to enable contractors and the supply chain to know how they are performing during the period of the contract and on individual projects. In the case of this contract, their use is particularly relevant due to the duration and extent of the works involved.

The overall aim of this process is to generate benefits to all parties by delivering quality, cost and time benefits for the Council while the other parties gain benefits in profitability and competitive market share. As such, contractors will be expected to clearly demonstrate senior management commitment to these processes, an ability to comply with them and experience in their development and use.

The Council may conduct other forms of performance measurement such as benchmarking with other internal or external organisations.

The Council aspires to generate best practice within the contract by,

- Recognising the benefits of shared skills and experience, comparing performance and adopting an innovative approach to problem solving
- Carrying out regular and post project reviews using KPIs
- Seeking sound qualitative/ quantitative information to ensure that projects have achieved their objectives
- Informing the contractors and supply chain how well they are achieving the requirements of the projects and contract
- Ensuring that measures are put in place to resolve any failing areas

As part of the overall process, the Council will review its own performance and ensure they are achieving their own goals and objectives.

### **Process**

Performance information will be collected on a monthly basis from the Contractor and the Council's own records; with reviews being undertaken on a quarterly basis. A formal review meeting will be held every 6 months at the strategic level to assess the performance of the contract. As well as these formal reviews, it is intended that a progressive review policy will be ongoing as part of the projects' and contract's normal project management. This is to ensure that important information and lessons are neither lost nor forgotten and should be a benefit to work in progress where information and experiences can be exchanged.

## Key Performance Indicators

The KPIs will be used as the core of the Contract Performance Strategy, and will be used to objectively monitor and assess the Contracts performance against the Council's objectives.

Broadly, the KPIs will cover a range of sectors such as cost, quality, time, customer satisfaction, health and safety and performance in order to provide a definitive cross section of assessment.

### Civil Engineering Contract (LOT1)

KPI Reference	Theme	Requirement	Measure	Target
KPI 1	Timely delivery	Emergency Attendance where appropriate action taken within 2 hours	% calculated by dividing total number of Works Orders where appropriate action was taken within 2 hours by the total number of Works Orders.	Commence at 95%. Demonstrate continuous improvement to achieve 100%
KPI 2	Timely delivery	Non-Scheme works completed within 28 days	% calculated by dividing total number of Non-Scheme Works Orders completed within 28 days by the total number of Non-Scheme Works Orders	Commence at 95%. Demonstrate continuous improvement target 100%
KPI 3	Timely Delivery	TMA and permitting requirements	Sites checked for displaying Permit Board, Number and Valid dates.	Demonstrate adherence to TMA requirements 100%
KPI 4	Timely delivery	Reactive maintenance response works completed within 7 days	% calculated by dividing total number of priority works repaired within 7 calendar days by the total number of priority works	Commence at 95%. Demonstrate continuous improvement target 100%
KPI 5	Quality delivery	Single visit fix during Emergency Attendance	% calculated by dividing total number of Emergency Attendance Works Orders completed in first site visit	Commence at 95%. Demonstrate continuous

			by the total number of Emergency Attendance Works Orders	improvement to achieve 100%
KPI 6	Quality delivery	Right first time schemes	% calculated by dividing total number of Scheme based Works Orders requiring no snagging or repeat visits by the total number of Scheme based Works Orders	Demonstrate continuous improvement in excess of 95%
KPI 7	Quality delivery	The satisfaction of the residents and businesses of the London Borough of Hackney, with the way in which Works are carried out.	Percentage (%) of customer satisfaction survey returns indicating overall satisfaction. (The Council will deliver surveys, to those affected by works so as to gauge their levels of satisfaction with the standard of the works and the way in which they were carried out. The survey is structured to enable the Engineer to easily identify overall satisfaction of those surveyed.)	Continuous improvement in excess of 95%
KPI 8	HSE & Process Delivery	Appropriate use of MAYRISE to store record information	% calculated by dividing total number of works orders where the specified before and after photographs are provided in MAYRISE 7 days of completion of the works by the total number of works orders	Demonstrate continuous improvement in excess of 90%
KPI 9	HSE & Process Delivery	Record of Near misses or incidents recorded.	Contractor & Client are encouraged to demonstrate willingness to record incidents and demonstrate subsequent action	Demonstrate evidence of record and actions taken.

KPI 10	Economic Delivery	Application accuracy	% calculated by dividing total number of works orders where the final value exceeds the agreed final application on final measure by more than 10% by the total number of works orders	Demonstrate continuous improvement in excess of 90%
KPI 11	Economic Delivery	Final application on final measure presented on time	% calculated by dividing the total number of final applications on the final measure submitted within 30 days of completion of a scheme by the total number of schemes.	Demonstrate continuous improvement in excess of 95%
KPI 12	Health & Safety	Reduce injuries	This Performance Indicator will measure both the Accident Incidence Rate (AIR) and the Accident Frequency Rate (AFR) for injuries to Contractors (and Road Users) that take place at sites at which the Contractor is providing the service. AIR	Demonstrate continuous improvement against Industry baseline agreed during mobilisation period to be Agreed
KPI 13	Environment	To monitor the reduction in the contractors' vehicle and plant emissions.	The contractor in the first year is to provide total emissions from all vehicles and plant as a base figure. Yearly reductions are required from this base figure.	Reduce by 10% for each subsequent year
KPI 14	Sustainability	Construction waste reused or recycled	% calculated by dividing total volume of construction waste reused or recycled by the total volume of construction waste	Demonstrate continuous improvement percentage to be agreed during mobilisation (ultimate target 99%)



## Road Surfacing Contract (LOT2)

KPI Reference	Theme	Requirement	Measure	Target
KPI 1	Timely delivery	Task / Work completed within Contracted ( or extended) period	% calculated by dividing total number of Works Orders by those completed within contracted time	95% improved to 100% by end year 2
KPI 2	Timely Delivery	TMA and permitting requirements	Sites checked to display Permit Board, Number and Valid dates.	Demonstrate adherence to TMA requirements 100%
KPI 3	Quality delivery	Rectification of Defects within agreed timescale	Logged defects	Defect(s) cleared within agreed timescale to be agreed during mobilisation
KPI 4	Quality delivery	All TM and signage cleared within 48hrs of cleared site	Un-cleared sites divided by completed sites (i.e. 2 un-cleared sites / 8 sites)	Less than 1 site in 10 no. or pro rata
KPI 5	Quality delivery	The satisfaction of the residents and businesses of the London Borough of Hackney, with the way in which Works are carried out.	Percentage (%) of customer satisfaction survey returns indicating overall satisfaction. (The Council will deliver surveys, to those affected by works so as to gauge their levels of satisfaction with the standard of the works and the way in which they were carried out. The survey is structured to enable the Engineer to easily identify overall satisfaction of those surveyed.)	Continuous improvement in excess of 95%

KPI 6	HSE	All employees on site have correct training and competencies ( evidenced)	Check randomly 1:4 sites.	100% compliance
KPI 7	Economic Delivery	Finalise and agreed Final accounts ( per works order )	% calculated by dividing total number of works orders where the work is complete and the where the final account has been agreed and logged on Hackney Database.	Demonstrate continuous improvement in excess of 95%
KPI 8	Health & Safety	Reduce injuries	This Performance Indicator will measure both the Accident Incidence Rate (AIR) and the Accident Frequency Rate (AFR) for injuries to Contractors (and Road Users) that take place at sites at which the Contractor is providing the service. AIR	Demonstrate continuous improvement against Industry baseline agreed during mobilisation period TBA
KPI 9	HSE & Process	Record of Near misses or incidents recorded.	Contractor & Client are encouraged to demonstrate willingness to record incidents and demonstrate subsequent action	Demonstrate evidence of record and actions taken.
KPI 10	Environment	To monitor the reduction in the contractors' vehicle and plant emissions.	The contractor in the first year is to provide total emissions from all vehicles and plant as a base figure. Yearly reductions are required from this base figure.	Reduce by 10% for each subsequent year
KPI 11	Sustainability	Construction waste reused or recycled	% calculated by dividing total volume of construction waste reused or recycled by the total volume of construction waste	Demonstrate continuous improvement percentage TBA

### Street Lighting Contract (LOT3)

KPI Reference	Theme	Requirement	Measure	Target
KPI 1	Timely delivery	Emergency Attendance where appropriate action taken within 2 hours	Emergency Attendance where appropriate action taken within 2 hours	% calculated by dividing total number of Works Orders where appropriate action was taken within 2 hours by the total number of Works Orders.
KPI 2	Timely delivery	Fault repairs completed within Contract timescales,	Number completed divided by those recorded to be completed (%)	Demonstrate a minimum of 97% completion.
KPI 3	Timely Delivery	TMA and permitting requirements	Sites checked to displaying Permit Board, Number and Valid dates.	Demonstrate adherence to TMA requirements 100%
KPI 4	Timely delivery	Priority response works completed within 3 days	% calculated by dividing total number of priority works repaired within 7 calendar days by the total number of priority works	Demonstrate continuous improvement in excess of 90%
KPI 5	Quality delivery	Fault repairs completed within Contract requirements	% calculated by dividing total number of faults against those recorded to be completed.	95% year 1 97.5% year 2 99% subsequent years
KPI 6	Quality delivery	The satisfaction of the residents and businesses of the London Borough of Hackney, with the way in which	Percentage (%) of customer satisfaction survey returns indicating overall satisfaction. (The Council will deliver surveys, to those affected by works so as	Continuous improvement in excess of 95%

		Works are carried out.	to gauge their levels of satisfaction with the standard of the works and the way in which they were carried out. The survey is structured to enable the Engineer to easily identify overall satisfaction of those surveyed.)	
KPI 7	HSE & Process Delivery	Appropriate use of MAYRISE system to store record information	% calculated by dividing total number of works orders where the specified before and after photographs are provided in MAYRISE within 7 days of completion of the works by the total number of works orders	Demonstrate continuous improvement in excess of 90%
KPI 8	HSE & Process Delivery	Record of Near misses or incidents recorded.	Contractor & Client are encouraged to demonstrate willingness to record incidents and demonstrate subsequent action	Demonstrate evidence of record and actions taken.
KPI 9	Economic Delivery	Application accuracy	% calculated by dividing total number of works orders where the final value exceeds the agreed final application on final measure by more than 10% by the total number of works orders	Demonstrate continuous improvement in excess of 90%
KPI 10	Economic Delivery	Final application on final measure presented on time	% calculated by dividing total number of final applications on final measure submitted within 30 days of completion of a scheme by the total number of schemes.	Demonstrate continuous improvement in excess of 95%

KPI 11	Health & Safety	Reduce injuries	This Performance Indicator will measure both the Accident Incidence Rate (AIR) and the Accident Frequency Rate (AFR) for injuries to Contractors (and Road Users) that take place at sites at which the Contractor is providing the service. AIR	Demonstrate continuous improvement against Industry baseline agreed during mobilisation period TBA
KPI 12	HSE & Process	Record of Near misses or incidents recorded.	Contractor & Client are encouraged to demonstrate willingness to record incidents and demonstrate subsequent action	Demonstrate evidence of record and actions taken.
KPI 13	HSE	All employees on site have correct training and competencies. (Evidenced)	Check randomly 1:4 sites.	100% compliance
KPI 14	Environment	Monitor and record compliance with WEEE regulations	Evidence record at monthly meetings details of storage and disposal of Electronic materials and equip.	100% compliance to satisfaction of the Client ( evidenced records)

#### Road Marking Contract (LOT4)

KPI Reference	Theme	Requirement	Measure	Target
KPI 1	Timely delivery	Emergency Attendance where appropriate action taken within 2 hours	Emergency Attendance where appropriate action taken within 2 hours	% calculated by dividing total number of Works Orders where appropriate action was taken within 2 hours by the total number of Works Orders.

KPI 2	Timely delivery	Fault repairs completed within Contract timescales,	Number completed divided by those recorded to be completed ( %)	Demonstrate a minimum of 97% completion.
KPI 3	Timely Delivery	TMA and permitting requirements	Sites checked to displaying Permit Board, Number and Valid dates.	Demonstrate adherence to TMA requirements 100%
KPI 4	Timely delivery	Priority response works completed within 3 days	% calculated by dividing total number of priority works repaired within 7 calendar days by the total number of priority works	Demonstrate continuous improvement in excess of 90%
KPI 5	Quality delivery	Fault repairs completed within Contract requirements F	% calculated by dividing total number of faults against those recorded to be completed.	95% year 1 97.5% year 2 99% subsequent years
KPI 6	Quality delivery	The satisfaction of the residents and businesses of the London Borough of Hackney, with the way in which Works are carried out.	Percentage (%) of customer satisfaction survey returns indicating overall satisfaction. (The Council will deliver surveys, to those affected by works so as to gauge their levels of satisfaction with the standard of the works and the way in which they were carried out. The survey is structured to enable the Engineer to easily identify overall satisfaction of those surveyed.)	Continuous improvement in excess of 95%
KPI 7	HSE & Process Delivery	Appropriate use of MAYRISE system to store record information	% calculated by dividing total number of works orders where the specified before and after photographs are provided in MAYRISE	Demonstrate continuous improvement in excess of 90%

			within 7 days of completion of the works by the total number of works orders	
KPI 8	HSE & Process Delivery	Record of Near misses or incidents recorded.	Contractor & Client are encouraged to demonstrate willingness to record incidents and demonstrate subsequent action	Demonstrate evidence of record and actions taken.
KPI 9	Economic Delivery	Application accuracy	% calculated by dividing total number of works orders where the final value exceeds the agreed final application on final measure by more than 10% by the total number of works orders	Demonstrate continuous improvement in excess of 90%
KPI 10	Economic Delivery	Final application on final measure presented on time	% calculated by dividing total number of final applications on final measure submitted within 30 days of completion of a scheme by the total number of schemes.	Demonstrate continuous improvement in excess of 95%
KPI 11	Health & Safety	Reduce injuries	This Performance Indicator will measure both the Accident Incidence Rate (AIR) and the Accident Frequency Rate (AFR) for injuries to Contractors (and Road Users) that take place at sites at which the Contractor is providing the service. AIR	Demonstrate continuous improvement against Industry baseline agreed during mobilisation period TBA
KPI 12	HSE & Process	Record of Near misses or incidents recorded.	Contractor & Client are encouraged to demonstrate willingness to record incidents and demonstrate subsequent action	Demonstrate evidence of record and actions taken.

KPI 13	HSE	All employees on site have correct training and competencies. (Evidenced)	Check randomly 1:4 sites.	100% compliance
KPI 14	Environment	Monitor and record compliance with WEEE regulations	Evidence record at monthly meetings details of storage and disposal of Electronic materials and equipment.	100% compliance to satisfaction of the Client ( evidenced records)





**TITLE OF REPORT : CONTRACT AWARD REPORT FOR THE SELECTION OF A CONTRACTOR FOR THE EARLY WORKS FOR BRITANNIA PHASE 2A**

**Key Decision No. NH Q60**

**CPC MEETING DATE  
(2019/20)**

**11 March 2020**

**CLASSIFICATION:**

**Open with EXEMPT APPENDIX 1**

**By Virtue of Paragraph(s) 3, Part 1 of schedule 12A of the Local Government Act 1972 appendix 1 is exempt because it contains information relating to the financial or business affairs of any particular person (including the authority holding the information) and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.**

**WARD(S) AFFECTED**

Hoxton East and Shoreditch Ward

**CABINET MEMBER**

Mayor Glanville, Housing and Regeneration

**KEY DECISION**

Yes

**REASON**

Spending/or saving

## **GROUP DIRECTOR**

Ajman Ali, Acting Group Director Neighbourhoods and Housing

### **1. CABINET MEMBER'S INTRODUCTION**

- 1.1 The Council has invested heavily in providing excellent housing, schools and leisure facilities within the borough in the past decade. While central government funding has decreased significantly since 2010, the Council's own investment programmes have ensured that public infrastructure in the borough has been augmented where possible. Hackney's continued investment in housing, schools and leisure facilities, as well as a spectrum of other services, demonstrates both the Council's commitment and its corporate capacity to deliver ambitious, large scale investment programmes to address local priorities.
- 1.2 The Council is determined to build on this success by delivering an ambitious regeneration programme focused on creating public infrastructure that will directly benefit local residents. Our developments at Britannia seek to continue the mixed use model, with the Council acting as developer and retaining the freehold for the land involved.
- 1.3 The Britannia development will provide a new Leisure Centre for the Britannia site, opening in March 2021; a new secondary school (which is already open on a temporary site) to meet the demand for additional school places in the borough, which will open its doors to pupils at its permanent site in September 2021. Britannia will also deliver over 400 homes, including on site council housing to rent.
- 1.4 Across all our new developments we are committed to maximising the number of genuinely affordable council homes. Britannia Phase 2a is comprised of 93 new homes, including 48 for social rent, 33 for shared ownership and 12 for outright sale. The Council's Estate Regeneration team is taking forward the delivery of this part of the Britannia Scheme to continue to build on the success of the Regeneration programme. The completed scheme will be managed by Housing Services and be linked to the Colville Estate.
- 1.5 The design for the Britannia masterplan was informed by extensive consultation with local residents, stakeholders, the Greater London Authority, and departments within the Council, in order to arrive at a design which incorporated maximum community benefit through the provision of the new secondary school, a new leisure centre, as well as 80 genuinely affordable homes. Consultation took place from December 2016 to February 2017 (initial concepts stage) and April 2017 until February/March 2018 (design development and detailed design/pre-planning stage).

- 1.6 Cabinet considered and approved proposals to develop the Britannia Leisure Centre site in April and December 2017, and the Procurement Strategy for Phase 2a in September 2019. This project continues the Council's commitment in 2016 to invest in providing new homes (including genuinely affordable council homes), schools, and council leisure facilities within the borough, and responds specifically to existing and expected population growth, rightly increasing resident expectations, and the age and condition of some existing leisure facilities. As well as the previous Cabinet approvals, the rebuilding of the Britannia Leisure Centre and the delivery of the new school, council homes and community infrastructure also formed a key part of our manifesto in 2018.
- 1.7 The proposed early works at Britannia Phase 2a are being brought for consideration and approval by Cabinet Procurement Committee (CPC) at this stage, in order to enable the noisy and disruptive works associated with the early works to be undertaken whilst the adjacent primary school is on holiday, thereby minimising disruption to the school community. Subject to approval at CPC, it is therefore intended that the demolition of the Anthology marketing suite will take place during the Easter school holidays 2020; and decontamination and piling works will take place substantively during the school's summer holiday 2020. Works to the school's playground will also be undertaken during this time, in order to ensure that when the school returns in September 2020, pupils will have more usable, and high quality playground space.

## **2. GROUP DIRECTOR'S INTRODUCTION**

- 2.1 This report seeks approval to appoint a preferred contractor to undertake the early works for the development of a mixed tenure scheme which will consist of 90% genuinely affordable housing; an Early Years Centre; and associated public realm and landscape improvements.
- 2.2 In line with the provision of the Contract Standing Orders the award of contract is presented to the Cabinet Procurement Committee for consideration and approval. The recommendation is made on the basis of both cost and quality.

## **3. RECOMMENDATION(S)**

**Cabinet Procurement Committee is recommended to:**

- 3.1 **Approve the selection of Bidder C as the preferred contractor for the early works package for Britannia Phase 2a for the value set out in Exempt Appendix 1.**
- 3.2 **Delegate authority to the Director of Regeneration to make a further award of contract, being a variation of the contract in paragraph 3.1, in**

**respect of tender option 1 and/or tender option 2 as set out in paragraph 5.1.10, if required.**

- 3.3 Agree to enter into a JCT Design and Build contract 2016 and any other ancillary legal documentation relating thereto with Bidder C for the early works at Britannia Phase 2a such terms as shall be agreed by the Director of Legal, and authorise the Director of Legal to prepare, agree, settle and sign the necessary legal documentation to effect the proposals contained in this report.**

#### **4. RELATED DECISIONS**

- 4.1 Cabinet considered and approved proposals to develop the Britannia Leisure Centre site in April and December 2017. This followed extensive consultation in two phases between December 2016 and February 2017 (initial concepts stage), and April 2017 until February/March 2018 (design development and detailed design/pre-planning stage) with local residents, stakeholders, the Greater London Authority, and departments within the Council, in order to arrive at a masterplan design which incorporated maximum community benefit through the provision of the new secondary school, a new leisure centre, as well as 80 genuinely affordable homes.
- 4.2 The Council's Planning Sub-committee resolved to grant planning permission for the Britannia masterplan (including Phase 2a) on 7 December 2018 (Planning reference: 2018/0926). In line with the primary objectives of the project, the first phase of development was to build the new Council leisure centre and secondary school on the site of the existing leisure centre (including the hard courts on Shoreditch Park). By delivering the new Council leisure centre, the project is able to unlock the rest of the existing leisure centre site for residential market sale development. This is key to the financial business case and enables the cross-subsidy required to pay for the new social infrastructure. As developer, the Council is able to prioritise the social infrastructure and affordable housing. It is also able to ensure that the maximum benefit of the market sale income is channelled into tangible benefits for the area. This first phase of work is underway, and the affordable housing in Phase 2a represents the second phase.
- 4.3 At its meeting in September 2019, the Council's Cabinet agreed the procurement strategy for Britannia Phase 2a; that is, to undertake procurement via the OJEU process for the main works contract, and to procure an early works contractor separately by inviting bids from a pre-approved list, selected from Constructionline.
- 4.4 The development of the Phase 2a site represents an opportunity to complete upfront the affordable housing element of the Britannia Masterplan as well as delivering a new Early Years Centre on the site.

- 4.5 The Secretary of State for Education approval has been sought for the appropriation of the portion of land on which the Britannia Phase 2a scheme will be developed. The land is currently occupied by the Hoxton Press (Anthology) marketing suite, and the north-west portion of Shoreditch Park Primary School's playground. In order to change the use of this area, approval by the Secretary of State for Education is required. The land appropriation will also be considered by Hackney's Cabinet for approval, in due course.
- 4.6 The Department for Education has been consulted on the Britannia masterplan throughout the masterplan development. Secretary of State approval is not required for the works which relate to Section 1 of the early works (i.e. demolition of the Hoxton Press marketing suite proposed for April 2020). However, approval will be required prior to Section 2 of the works commencing in July 2020. This is discussed further at Section 5.2.5 below.

## **5. REASONS FOR DECISION/OPTIONS APPRAISAL.**

- 5.1.1 This report outlines the process that has been followed in selecting a preferred bidder for the early works for Britannia Phase 2a.
- 5.1.2 The early works contract is being brought forward to CPC at this stage in order to enable the noisy and disruptive works associated with the early works to be undertaken whilst the adjacent primary school is on holiday, thereby minimising disruption to the school community.
- 5.1.3 The development of the Phase 2a site will 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, thus delivering the affordable homes within the Britannia Masterplan.
- 5.1.4 The parcel of land to be developed forms part of the Shoreditch Park Primary School's playground and currently also hosts Anthology's sales and marketing suite, which was being utilised to sell the homes in the two residential towers on the Colville Estate. Anthology's lease has expired and the Council will be in a position to take vacant possession in March 2020.
- 5.1.5 The Britannia Phase 2a early works contract requires the successful early works contractor to deliver the early works contract prior to the construction of the main buildings (via a separate main works contract) which will make up blocks H1 and H2 of the Britannia masterplan. It is then intended that the early works contractor will be novated to the main contractor who will deliver the 91 homes, Early Years Centre, associated public realm and landscape improvements.
- 5.1.6 It is proposed that the early works contract consists of two sections, both beginning during school holidays (Easter and Summer 2020) in order to

minimise disruption to the adjacent school. The scope of works for each section is as follows:

- Section 1 (to commence April 2020):
  - Demolition and site clearance;
  - Site preparation;
  - Pile Probing;
  - Surveys;
  - 'Making good' the portion of the playground affected by Section 1 works.
  
- Section 2 (to commence July 2020):
  - Excavation and disposal;
  - Bored piling;
  - Sheet piling;
  - Attenuation tank;
  - Diversions (if necessary).

5.1.7 The adjacent primary school will also have its play areas re-provided and upgraded, as well as receiving a financial contribution through the Unilateral Undertaking for the Britannia scheme.

5.1.8 The construction of the site will have to be carefully managed, with logistics well thought through and considered in respect to the proximity of the primary school, and in terms of the timing of the works.

5.1.9 A pre-tender cost plan was prepared for the Council by its Quantity Surveyor (QS), setting out the estimated costs of construction, based on the pre-tender stage estimate and designs developed to RIBA Stage 4. The pre-tender costs pertaining to the early works are set out in Exempt Appendix 1.

5.1.13 It is proposed that the Council will enter into a JCT Design and Build Standard Form of Contract 2016 with the preferred bidder, with Hackney Council amendments.

## **5.2 ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED)**

5.2.1 The option to 'do nothing' was considered and rejected. The Britannia Phase 2a site is a crucial part of the overall Britannia Masterplan as the affordable housing will be contained therein. This phase of the scheme therefore provides an opportunity to provide genuinely affordable housing to Hackney's residents and help alleviate the shortage of housing in the Borough.

5.2.2 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.

5.2.3 Consideration was given to procuring the early works as part of the main contract rather than as a separate contract. However, the decision was taken to disaggregate these two elements in order to ensure a start on site by summer 2020. This approach has the following benefits:

- Maximising use of the school holidays so that much of the noisy and disruptive early works (demolition, groundworks and piling) can be undertaken during the school summer holiday period in order to minimise disruption to the adjacent primary school community;
- Providing survey information early to ensure swift design and construction progress when the works on the substructure commence;
- Early de-risking of the project through establishing the extent of underground contamination and removing any obstructions identified; and,
- Providing greater certainty as regards both cost and programme, and reducing main contractor on-costs (Overhead & Profit and preliminaries). With groundworks happening during summer 2020 this should also minimise any weather delays.

5.2.4 An option of including the ground floor slab (and associated drainage) within the early works contract is identified as tender option 1, with the associated costs set out in Appendix 1. Options are discussed further at Section 8.1.15-8.1.17 below.

5.2.5 The deferral of the Cabinet Procurement Committee approval of the early works contract until after the Department for Education has given approval for the land acquisition at the Britannia Phase 2a site was considered. This option was rejected as it would miss the opportunity to undertake demolition and preparatory works within the Easter school holidays; delaying the works' programme, and the opportunity to maximise the use of the summer holidays for the disruptive and noisy works. However, should the Secretary of State approval not be secured by the programmed start on site date in July, the option to suspend the early works would need to be taken. In the unlikely event that the application to acquire the land is rejected by the Secretary of State, then the early works contract will need to be terminated.

## **6. PROJECT PROGRESS**

### **6.1 Developments since the Business Case approval**

6.1.1 At its meeting in September 2019, Cabinet approved a procurement strategy which, included separating the early works contract from the main contract, with the Contract Award to be considered at the March 2020 Cabinet

Procurement Committee. As stated in that report, this was to enable the early works (groundworks) to commence during the school summer holidays to minimise disruption to the adjacent school.

## **6.2 Whole Life Costing/Budgets:**

- 6.2.1 It is proposed that the Early Works Contract consists of two sections, as set out at section 5.1.6 above - these form the base scope.
- 6.2.2 Estimated contract values for the single early works package were confirmed by the consultant Quantity Surveyor, and formed part of the estimate contained within the Procurement Strategy report approved by Cabinet in September 2019. The early works proposed remain within this budget.
- 6.2.3 The Early Works Contract will require novation into the main construction works contract to ensure full responsibility is transferred to the selected main contractor. External legal support has been procured from Ashfords LLP to support the Council with this (managed by our internal Legal team) in order to draft additional contract amendments and/or warranties, as necessary.

## **6.3 SAVINGS**

- 6.3.1 Britannia Phase 2a will deliver new, high quality, mixed tenure homes and contribute to the regeneration of the borough. This will provide better value for money for Hackney residents, and provide the basis for the Council to continue delivering a high quality and cost-effective housing management service.
- 6.3.2 The new homes at Britannia Phase 2a will also contribute to alleviating the current pressure on the Council's housing register and temporary accommodation costs, as 48 homes for social rent will be delivered.

## **7. SUSTAINABILITY ISSUES**

### **7.1 Procuring Green**

- 7.1.1 The Britannia Phase 2a scheme will ultimately provide high quality housing, and improved landscaping in the public realm, which will improve the ecological value of the site. The scheme also follows Hackney's Transport Strategy and TfL's Healthy Streets Indicators that aim to prioritise walking and cycling, providing safe environments with opportunities for play, shade and shelter, and opportunities to rest in a clean environment. The scheme will deliver homes which meet current regulatory requirements relating to sustainability, including Building Regulations and the London Mayor's Housing Supplementary Planning Guidance.



- 7.1.2 A key principle of the entire Britannia Masterplan is that as many trees will be retained as possible, and those that are removed will be replaced in order to achieve the same canopy cover across the site (in comparison to the pre-development situation) within the first 10 years of planting. The preferred contractor is required to adhere to the relevant planning conditions which relate to this.
- 7.1.3 During the early works, the soil will be tested for contamination and remediated appropriately. Subject to contamination levels, a significant depression in the adjacent playground will be infilled, and subsequently landscaped in order to make the playground more usable. The infill will be undertaken using remediated soil from the site (following excavation) and has environmental benefits including both reducing waste produced on site, and minimising vehicle movements to and from the site, that would otherwise be needed in order to dispose of the soil elsewhere.
- 7.1.4 The recycling of construction waste and the development of a Site Waste Management Plan are mandatory. The contractor will be obligated to minimise construction related disruption, for example dust nuisance, to residents and other neighbouring buildings including the adjacent primary school, surrounding residents and park users.

## **7.2 Procuring for a Better Society**

- 7.2.1 The appointed contractor will be required to provide local training and employment opportunities, for which a number of Key Performance Indicators (KPIs) have been established. KPIs will be monitored regularly at site meetings. The contractor and Employer's Agent (EA) will provide information that will form the basis of each score, which will be documented at each meeting. The contractor will undertake to use reasonable endeavours to source materials from local suppliers and manufacturers, and has been encouraged to use small and medium sized businesses in its supply chain.
- 7.2.2 The appointed early works contractor will provide a draft Employment and Skills Plan to the Council for approval prior to works commencing on site. They will also prepare and implement an active programme for recruitment in order to achieve a local labour target of 30%. Under the terms of their contract the contractor must employ at least one apprentice per £2m of construction contract value which reflects the Unilateral Undertaking.
- 7.2.3 The appointed contractor will be required to provide the Council with a local labour return for the scheme every three months during the construction phase and must notify the Council of all vacancies for employees, self-employed, sub-contractors and any other form or type of employment or service arising from construction of the development to our Hackney Works team. The Council will endeavour to find suitable candidates to put forward for the roles

within five working days unless otherwise agreed in advance. After such time vacancies can be filled through alternative channels.

7.2.4 As part of the Britannia masterplan unilateral undertaking; a sum of £221,120 will be paid as a planning obligation to Hackney Works as a contribution towards the cost of training and supporting out of work residents into jobs during the construction/demolition of the development and; a sum of £213,187 as a contribution towards end use jobs provided through the operation of the commercial floorspace.

7.2.5 The preferred bidder has committed to paying all of its staff and subcontractors the London Living Wage, for the term of the contract.

### **7.3 Procuring Fair Delivery**

7.3.1 Tender documents issued to each bidder were identical, giving them equal opportunity to review and respond. Throughout the tender process bidders submitted clarification questions. Where a clarification was not commercially sensitive, the clarification and the Council's response was anonymised and issued to all bidders.

7.3.2 Each bidder was asked to comply with the Council's requirements with regards to the specification, local labour, employment and skills, and Fair Payment Charter. The successful bidder has agreed to the Council's targets in these areas. KPIs have been agreed with the contractor and will be scored at agreed intervals during the construction period. More information on KPIs can be found in section 9.2 below.

### **7.4 Equality Impact Assessment and Equality Issues:**

7.4.1 The Council is committed to building new homes that are adaptable to the varying needs of occupiers over time and that will enable people to live independently in their homes for longer. Nine of the homes within Phase 2a will conform to the M4(3) standards for wheelchair user dwellings.

## **8. Procurement**

### **8.1 Procurement Route:**

8.1.1 The procurement route undertaken for the Early Works was via a two-stage tender process. The Procurement process comprised;

- (i) Selection Questionnaire
- (ii) Invitation to Tender

8.1.2 The Evaluation Panel for the entire tender process comprised;

- Project Manager Regeneration (LBH)
- Project Officer, Regeneration (LBH)
- Head of Strategic Education Property (LBH)
- Employer's Agent (EA) and Principal Designer (acting on behalf of the Council)
- Shoreditch Park Primary School Business Manager (who evaluated one of the questions which related to Community Engagement and Stakeholder Management)
- Quantity Surveyor/ Cost Consultants

8.1.3 The procurement process was managed and coordinated by members of the Procurement Team.

(i) Selection Questionnaire (SQ)

8.1.4 The SQ was published on ProContract on 16 October 2019, which invited a preselected list of six contractors, selected from Construction Line to express an interest in tendering for the Early Works contract, by responding to the SQ.

8.1.5 Five responses were received, and four of them were evaluated. Which was as a result of one of the contractors not completing the Pass/ Fail Section in their response, and was therefore automatically disqualified.

8.1.6 The four submissions evaluated provided responses to all the Pass/ Fail sections, and the project/qualitative specific questions appropriately. Their responses were evaluated on the following;

- The contractors eligibility to bid
- Financial, and economic capacity to undertake the contract
- Experience of working with key stakeholders in a highly urban and constrained environments
- Experience of partnership working working and the delivery of high quality residential developments
- Their track record of good construction practices
- Their approach to environmental sustainability and waste reduction

8.1.7 On the conclusion of the evaluation of the SQ submissions, all of them were deemed to be of sufficiently high quality, and as such all four contractors were shortlisted and invited to participate in the tender process.

(ii) Invitation to Tender

8.1.8 The Invitation to Tender (ITT) documents were published on the e-tendering portal, ProContract, on 20 November, 2019. The contractors were required to submit bids by 27 January 2020.

Three out of the four contractors shortlisted, submitted tender responses. The tenders were evaluated on the award criteria of 60% quality and 40% price ratio. The weightings reflect the complexity of the contract, and the need to identify a quality contractor able to undertake the complex early works and piling scope. Whilst also operating sensitively within the area in which the site is located - close to a school, with significant amounts of development work in the vicinity.

8.1.9 In addition to the scope outlined in the tender documents, the contractors were also required to provide fixed prices for the following options, which were not included in the price evaluation:

- Tender Option 1: Ground floor slab construction; underslab drainage, external drainage (connecting attenuation tank); and,
- Tender Option 2: Site security between Section 1 (April) and Section 2 (July).

8.1.10 Each of these tender options enabled the project team to seek a competitive price from bidders whilst the scheme was out to tender. As such, if the Council does not choose to enter into tender option 1, these elements of the work will otherwise be procured through the main works contract (as is set out within those procurement documents). The tender option prices were, however, assessed and benchmarked against each other to ensure that, should the Council decide to enter into one or both of the tender options as a variation to the existing contract, that variation would represent value for money.

#### Tender Evaluation

8.1.11 Three contractors submitted compliant bids, out of the four contractors that were shortlisted and invited to tender. All three contractors were invited to tender clarification meetings, at which the EA and Quantity Surveyors clarified any errors in the tenders submitted or any apparent inconsistencies prior to the evaluation process. Further details can be found in exempt Appendix 1.

#### Quality Evaluation - 60%

8.1.12 For the Quality element, bidders were required to set out their responses to six Method Statements, which covered the following areas:

- Programme;
- Project Delivery;
- Site establishment and security;
- Design integrity;
- Community engagement; and
- Local employment, training, and supply chain.

8.1.13 Quality responses were evaluated by the panel and scored 0-5 based on the scoring methodology set out in Table 1 below. Moderated scores were reached following individual scoring. Further details for the Method Statements and scores can be found in Appendix 1.

**Table 1 - Evaluation Scoring Methodology**

<b>Score</b>	<b>Rationale/Judgement</b>	<b>General Description</b>
0	The response fails to comply with the requirements of this ITT or is otherwise incapable of evaluation.	Wholly unsatisfactory
1	Response contains significant omissions, weaknesses or concerns, or is otherwise unsatisfactory	Unsatisfactory
2	Response contains some omissions, weaknesses or concerns	Cause for concern
3	Response indicates passable or acceptable confirmation of relevant skills and credibility	Acceptable
4	Response indicates a significant and appropriate level of relevant skill and credibility	Good
5	Response indicates an excellent level of relevant skill and credibility.	Excellent

Price Evaluation - 40%

8.1.14 The fixed price for the early works based on the scope of works set out at section 5.1.6 above, which was evaluated. The prices submitted for the Tender Options were reviewed, but did not form part of the financial evaluation. Details can be found in Appendix 1.

8.1.15 The prices were scored using the published pricing evaluation methodology: whereby the lowest priced bid achieves the highest score of 40%, with all the other prices scored relative to the highest scored price.

8.1.16 The prices were also assessed against the estimates contained within the financial model for the scheme by the Council's Corporate Finance team. To conclude the evaluation process the overall scores achieved by each submission were based on MEAT (Most Economically Advantageous Tender); the combined scores for quality and price.

8.1.17 A summary of the quality and price scores for each tender and the respective total overall scores are set out in the table below:

	Quality (60%)	Price (40%)	Total (100%)
Bidder A	35	40	75
Bidder B	46	29.84	75.84
Bidder C	41	35.32	76.32

8.1.18 On the basis of the above scores, it is therefore recommended that Bidder C is awarded the contract for the early works.

## **Tender Options 1 and 2**

8.1.19 It was considered whether to include ground floor slab and associated drainage and services (Tender Option 1), as set out at Section 5.14 above, as part of the early works contract. The rationale for this was to provide flexibility to the Council in terms of the Britannia programme, as well as potentially reducing costs. However, in order to opt for this option the main works contractor will need to be appointed so that they can be involved in the finalisation of the ground floor slab construction design; and in order to ensure that appropriate coordination, risk and liability transfer occurs between the early works and the main contract works contractors.

8.1.20 The advantages of procuring the ground floor slab and associated services and drainage within the early works contract are as follows:

- Having the early works contractor undertake this option insulates the Britannia Phase 2a scheme from programme delay on the main contract;
- Insulates the ground works contract and any associated risks from main contractor prelims and risk premiums, meaning that there should be a project saving owing to the reduced main contractor prelims;
- Ensures ground delay costs only attract subcontractor prelims; and,
- Leaves ground risk with the entity best placed to take it.

8.1.21 The Council would only elect to vary the contract with the early works contractor, in order to include the ground floor slab, if a main works contractor was supportive of this approach and there was a programme and price advantage to doing so, along with the appropriate transfer of risk.

8.1.22 Tender Option 2 was a pricing option for site security between Section 1 (the works in April) and Section 2 (works which commence in July).

## **8.2 Recommendation:**

- 8.2.1 A preferred bidder was selected using the award criteria and scoring methodology set out in the ITT. Bidder C's bid achieved the highest score overall in quality and price combined. Their responses to the Tender demonstrated a good approach to health and safety, minimising disruption, and communicating well with stakeholders, and providing employment and skills opportunities. As such their bid was deemed the most economically advantageous tender (MEAT).
- 8.2.3 It is therefore recommended that the contract for the early works at Britannia Phase 2a is awarded to Bidder C, commencing in March 2020 with a projected completion date of December 2020.
- 8.2.5 The requirement for a performance bond and parent company guarantee are included in the contract to mitigate the risk of Bidder C failing to perform contractual obligations or becoming insolvent. This is a typical requirement for new build development projects.
- 8.2.6 A full analysis of the bids is included in exempt Appendix 1.

## **9. CONTRACT MANAGEMENT ARRANGEMENTS**

### **9.1 Resources and Project Management (Roles and Responsibilities):**

- 9.1.1 The necessary resources and skills to ensure that the project will be successfully managed have been identified and are either available within the Council or have been procured externally.
- 9.1.2 The project will be managed by a Project Manager in Regeneration who will be overseen by the Estate Regeneration Head of Service. The project delivery team is:
- Project Sponsor – Director, Regeneration
  - Project Head of Service – Head of Estate Regeneration Programme
  - Project Lead – Project Manager, Estate Regeneration Programme
  - Design Advice – Strategic Design Team
  - Employer's Agent;
  - Cost consultants/Quantity Surveyor.
- 9.1.3 During the pre-construction and construction periods, the Britannia Phase 2a project will be managed on a day-to-day basis by the Project Manager in the Council's Estate Regeneration team. The building contract will be administered by the Council's Employer's Agent. The Employer's Agent and Quantity Surveyor team will carry out monthly valuations of works completed on site and certify the value of these works. During the Pre-Construction Phase, the Employer's Agent will attend contract Design Team Meetings,

which will be programmed by the contractor, but are likely to take place at least monthly (or as required) in order to meet the contract programme.

- 9.1.4 The contractor's project manager and construction contract manager will report monthly to the Council's Project Manager, with updates provided regularly to the Council's Director as project sponsor. The Employer's Agent will also act as Clerk of Works to ensure that a comprehensive monitoring service is provided to the Council, to make sure that the quality of workmanship and finishes of the homes and public realm are delivered as intended.
- 9.1.5 Due to the strategic importance of the Britannia Masterplan, monthly progress reports are also provided to the Britannia Officer Steering Group, chaired by the Group Director for Finance; and to the Britannia Board, chaired by the Mayor.
- 9.1.5 It is anticipated that early works will start on site in April 2020 as summarised in the table below:

<b>Key milestones and dates</b>	
Report to CPC seeking approval to Award Contract for early works	11 March 2020
Decision and standstill letter issued	12 March 2020
Standstill period	12 - 22 March 2020
Proposed signing of contract	23 March 2020
Proposed start on site (First Section - demolition)	6 April 2020
Proposed start on site (Second Section)	20 July 2020

## **9.2 Key Performance Indicators**



9.2.1 The key performance indicators that have been included in the tender documentation and on which contractor will be assessed, are as set out in the table below:

KPI Subject	Measurement	Monitoring Method and Info Responsibility	Metric
<b>Programme</b>	Total days early or delayed	Contractor to update programme monthly and provide reasons for delays. EA to assess contractor report and provide own final monthly view.	Nr. of Days
<b>Cost</b>	Divergence between Original Cumulative Forecast and Last Valuation	Contractor to make applications. EA to report monthly.	£ difference on Total Gross Value
	Divergence between Application and Agreed Valuation (or Pay Less Notice amount)	EA to value and report monthly.	£ difference on Total Gross Value
<b>Change Control</b>	Contractor Proposed Changes – Quality and timeliness of design, time and cost information.	EA to assess monthly	Qualitative Assessment / 5
	Employer Proposed Changes – Responsiveness of design and cost information (including detail and breakdowns)	EA to assess monthly	Qualitative Assessment / 5
<b>Quality of Construction</b>	Assessment of Site Inspector Report (seriousness of quality concerns identified).	EA to assess monthly	Qualitative Assessment / 5
	Assessment of Contractor response to remediating Site Inspector concerns.	EA to assess monthly	Qualitative Assessment / 5
<b>Health &amp; Safety</b>	Number of RIDDOR reportable Accidents	Contractor to report monthly.	Nr. of RIDDOR reports
	Qualitative Assessment of Contractor H&S approach including site assessment by PD and response to H&S concerns including accidents and near misses.	Contractor to provide own H&S assessments and information. EA and PD to assess.	Qualitative Assessment / 5
<b>Employment</b>	Number of Apprentices	Contractor to report monthly.	Nr. of operatives

	% of Local Labour	Contractor to report monthly.	% of operatives
	Confirmation of London Living Wage	Contractor to report monthly on checks and confirm London Living Wage compliance.	Yes / No
	Quality of engagement and communication with Hackney Works	Contractor and Hackney Works (through LBH Project Officer) to report. EA to assess.	Qualitative Assessment / 5
<b>Community Engagement</b>	Number of verbal or written complaints received from residents.	Contractor to report monthly.	Nr. of complaints
	Assessment of the quality and timeliness of response to residents.	Contractor to report monthly. EA to assess.	Qualitative Assessment / 5
<b>Environmental</b>	Percentage of waste diverted from landfill	EA to assess monthly	% diverted
	To be developed and agreed during contract negotiations		

## 10. COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES

- 10.1 The entire capital budget provision for Phase 2a of the Britannia redevelopment works contract is contained within the exempt appendix at Section 7 (excluding Early Years Centre fit out, playground canopy, and novated consultant fees). This sum is contained within the corporate capital programme.
- 10.2 Within that figure, pre-tender cost estimates have also been provided within Appendix 1 (exempt) which detail the early works costs (including the base scope, excluding the ground floor slab; and the cost attached to the early works, inclusive of the ground floor slab).
- 10.3 As well as having the lowest overall cost to the Council, the submission of Bidder C is the only tender that is below the estimate for both the base scope and tender options 1 and 2.
- 10.4 For each of the prospective bidders, a financial ratios analysis of publicly available company information was carried out to test financial strength. All three bidders performed well enough for no concerns to be raised with respect to their ability to deliver this contract.

- 10.5 The inclusion of a performance bond (preferred) or parent company guarantee within the contract terms protects the Council's interests in any event.
- 10.6 In addition to the contract sum, budget provision for scheme support costs and incidentals has also been established within the Council's capital programme, and from this resource the Planning obligations will be funded.
- 10.7 The respective weightings attached to quality and cost in the bids' assessment are not fully aligned with those typically applied during the same process for Estate Regeneration Programme, as the complexities and sensitivities associated with this particular scheme necessitated an alternative weightings approach.

## **11. VAT Implications on Land & Property Transactions**

- 11.1 The enabling works detailed in this report facilitate the delivery of 93 residential units (48 Social Rented, 33 Shared Ownership and 12 Outright Sale) and an Early Years Centre (EYC).
- 11.2 The disposal of the Shared Ownership and Outright Sale units is zero-rated for VAT purposes, while the provision of Social Rented properties is non-business, so VAT on inputs may be recovered in the usual way for all residential properties.
- 11.3 The provision of nursery type services is exempt for VAT purposes and so the VAT on the inputs related to the development of the EYC may need to be included in the Council's Partial Exemption calculation (PE).
- 11.4 Less than a tenth of the total build costs budget is allocable to the EYC which, based on pre-tender estimates for the Base Option, would expose the Council to additional input tax of no more than £50k to be included in the PE if the recommendations in this report are approved.
- 11.5 This amount is marginal compared with total input tax included in the Council's PE, and expenditure can be managed so that the threshold above which VAT on exempt inputs may not be recovered is not breached.

## **12. COMMENTS OF THE DIRECTOR OF LEGAL AND GOVERNANCE**

- 12.1 On 16 September 2019 Cabinet agreed a Business Case in respect of a single stage tender process for the appointment of a contractor to undertake the works at the Britannia Phase 2a development. Cabinet also agreed at such meeting that, in line with the provision of the Contract Standing Orders, the contract award report for the enabling works contract will be presented to Cabinet Procurement Committee in March 2020, and therefore this Report is being presented to Cabinet Procurement Committee for approval.

- 12.2 It is proposed to delegate authority to the Director of Regeneration to make a further award of contract, if required, being a variation of the contract in paragraph 3.1, in respect of tender option 1 and/or tender option 2 as set out in paragraph 5.14. Such options 1 and/or 2 will only be awarded if applicable in the context of the procurement of the main works and the Council is not obliged to exercise either of such options. Paragraph 2.2 ii) of the Executive Procedure Rules states that “If the Elected Mayor delegates functions to a committee of the Executive, unless s/he directs otherwise, the committee may delegate further to an officer”. Cabinet Procurement Committee, as a committee of the Executive, is therefore permitted to delegate to an officer the decision to agree the award of contract.
- 12.3 Details of the procurement process undertaken to make the proposed award of contract are set out in this Report.

### **13. COMMENTS OF THE PROCUREMENT CATEGORY LEAD**

- 13.1 The value of the proposed early works is below the EU Threshold of £4,733,252 for Works and not therefore subject to the Public Contracts Regulations 2015.
- 13.2 Given the complexity of the works a two-stage procurement process was followed to identify suitably qualified candidates using the national pre-qualification Constructionline system as provided for in paragraph 3.1.2 of the Council’s Contract Standing Orders (CSOs). These candidates were then required to complete a Selection Questionnaire to create a shortlist of bidders to invite to submit a tender as described elsewhere in this report.
- 13.3 Two additional options were required to be priced by bidders in addition to the early works as identified in section 5 of this report. As the options may not be implemented they were excluded from the financial evaluation process.

### **APPENDICES**

Exempt Appendix 1 - Britannia Phase 2a Early Works Tender Report

### **EXEMPT**

By Virtue of Paragraph(s) 3, Part 1 of schedule 12A of the Local Government Act 1972 this report and/or appendix is exempt because it contains information relating to the financial or business affairs of any particular person (including the authority holding the information) and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

### **BACKGROUND PAPERS**

In accordance with The Local Authorities (Executive Arrangements) (Meetings and Access to Information) England Regulations 2012 publication of Background Papers used in the preparation of reports is required.

None.

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