



## **LONDON BOROUGH OF HACKNEY COUNCIL**

### **CABINET PROCUREMENT AND INSOURCING COMMITTEE DECISION NOTICE - 17 JANUARY 2022**

**This document outlines the decisions taken at the above Cabinet Procurement and Insourcing Committee meeting.**

**Unless otherwise indicated, executive decisions listed in this document will come into force and may then be implemented 5 working days after publication of this document unless the decision is called in. During that period the Director of Legal & Governance Services may call-in a decision for scrutiny if so required by no fewer than 5 Members of the Council (Part 4 of the Council's Constitution; Scrutiny Procedure Rules: Call-in Procedures).**

**Date of Publication:  
18 January 2022**

**Last Date for Call-In:  
25 January 2022**

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<b>6</b>	Unrestricted Minutes of the previous meeting of the Cabinet Procurement & Insourcing Committee held on 6 December 2021	<b>RESOLVED:</b>  <b>That the unrestricted minutes of the Cabinet Procurement and Insourcing Committee, held on 6 December 2021, were approved.</b>
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**London Borough of Hackney – Decisions taken by the Cabinet Procurement and Insourcing Committee on Monday 17 January 2022**

Agenda Item No	Topic	Decision
7	CACH Q95 Mental Health Accommodation - Contract Award Report	<p><b>RESOLVED:</b></p> <p><b>To award Agudas Israel Housing Association (AIHA) a contract to deliver the Orthodox Jewish mental health accommodation based support service for a term of two years. This follows a direct negotiation as approved by the Committee in September 2018.</b></p> <p><b>REASONS FOR DECISION/OPTIONS APPRAISAL</b></p> <p>The report seeks to gain approval for the award of a contract following a direct negotiation process which was approved by the Cabinet Procurement Committee in September 2018.</p> <p>This award is in relation to Key Decision CACH P9, Recommendation 2: 'Agree to the competitive procurement, with multiple lots, for a mental health accommodation based housing related support pathway. The term of contract will be 5 years with an option to extend for a further 2 years (5 +1 +1 years). The annual contract value is £1.2m; equivalent to a total contract value of £8.4m with some additional East London Foundation Trust (ELFT) funding, the value of which is to be confirmed. This will include direct negotiation of a contract for mental health accommodation based housing related support specifically for the Orthodox Jewish community. On completion of the negotiation, a Single Tender Action will be submitted to the Cabinet Procurement Committee for approval'.</p> <p>The service will provide culturally specific housing related support to people from the Orthodox Jewish community and who have been referred by the mental health housing panel.</p> <p>The service will be flexible and responsive to the multiple needs of service users with diagnosed mental health problem and some of who may also:</p> <ul style="list-style-type: none"> <li>• Have very chaotic lifestyles, including those displaying anti-social behaviour;</li> <li>• People at risk of offending;</li> </ul>

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		<ul style="list-style-type: none"> <li>• People with substance misuse issues who may or may not be engaging with substance misuse services;</li> <li>• People with such needs may occasionally engage in illegal activity and the service is expected to work with the police and probation to explore enforcement options where appropriate.</li> </ul>
8	FCR S046 Public Space Surveillance (PSS) Monitoring contract	<p><b>RESOLVED:</b></p> <p><b>That the Cabinet Procurement and Insourcing Committee:</b></p> <ol style="list-style-type: none"> <li><b>1. Agreed to approve an extension of the current contract to 30 November 2022</b></li> <li><b>2. Agreed to approve the procurement strategy set out in the report for the procurement of a new Public Space Surveillance Monitoring contract commencing 1 December 2022.</b></li> </ol> <p><b>REASONS FOR DECISION/OPTIONS APPRAISAL</b></p> <p>To approve the procurement strategy set out in this report for the procurement of a PSS monitoring contract. The existing contract was awarded on 1 April 2012 and ran for a 5 year period. It was extended for 3 years in 2017, and for a further 2 years in 2020, both extensions were provided for within the original contract. The current contract is due to expire on 31 March 2022. This report seeks permission to extend the existing contract for 8 months until 31st November 2022 and to tender a seven year contract for the PSS Monitoring service with the option to exercise 'no penalty break clauses at years 3 and 5'. The estimated cost of extending the current contract by nine months is £360,600. The PSS Team has carried out a study into insourcing to consider this as an option for the service.</p>

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		<p>The current service provider is NSL Ltd (NSL - a company within the Marstons Holdings Ltd group). NSL delivers this contract currently by employing one Operations Manager, four PSS Team Leaders and eight PSS Operators. Of the current staff, their average time in post is 4.7 years - the longest serving has been for 12 years; between them they have 61 years' experience of monitoring PSS in Hackney. This is a very significant factor in the excellent reputation that Hackney PSS has with other London councils, nationally with UK councils, with Police forces, the Home Office and the Surveillance Camera Commissioner's Office.</p> <p>The following options were considered:</p> <ol style="list-style-type: none"> <li>1. Insource and cease licensable activity, to remove the need for licensing.</li> <li>2. Insource and obtain 'non front line' Security Industry Authority (SIA) licences for all suitable staff and Councillors. This would be required to comply with information management law.</li> <li>3. Let a new 'out-sourced' contract using similar terms and conditions for staff to the existing contract.</li> <li>4. Let a new 'out-sourced' contract using enhanced terms and conditions for staff, bringing their terms and conditions in line as much as possible with Council staff.</li> <li>5. To set up an independent trading company to undertake the PSS monitoring service.</li> </ol> <p>*Information regarding SIA 'non-frontline' licensing to be found in Appendices C,D &amp; E.</p> <p><b>Option [1] - Insource and cease all licensable activity</b></p> <p>The cessation of the licensable activity removes the need for all staff involved in the management structure, including Councillors, to obtain a licence. However, to cease licencing would prevent us carrying out PSS monitoring on some of the most challenging estates in Hackney, which are managed by Registered Social Landlords (RSLs) - the law says you need</p>

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		<p>a licence to monitor cameras owned by someone else under a contract - to cease Public Space Surveillance Monitoring on these estates is untenable from a community safety point of view. As this situation impedes our pledge to move to insourcing in the borough, legal advice was sought and counsel confirmed that licensing is a legal necessity. The barrister's findings can be found in <b>Appendix A</b> of the report.</p> <p>If this option is selected, the financial cost would be circa £716k per annum.</p> <p>However, the RSLs contribute towards the Council's budgets for PSS, to pay for staff and infrastructure. The external income to the Council to assist with these costs is circa £160k per annum. If the Council is unable to offer this service to RSLs, because it would be unlawful, they will cease to pay us for the service - therefore the combined cost to the Council is £876k per annum.</p> <p><b>Option [2]- Insource and 'non front-line' licence all staff concerned including Councillors</b></p> <p>The cost of this is approximately a minimum of £75k every three years (assuming Councillors / staff do not change). The risk is that if an elected member cannot pass the rigorous conditions imposed by the SIA then surveillance has to cease.</p> <p>If this option is selected, the cost would be circa £742k per annum, the increase of £202k over option 3 (out-sourced) is due to the difference in licensing, increases in pay and conditions.</p> <p><b>Option [3] Retain the current 'out-sourced' arrangements through the negotiation of a new contract using similar terms and conditions for staff to the existing contract</b></p> <p>This is the status quo and has worked well since 2005. If existing staff terms and conditions are</p>

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		<p>retained the cost will be circa £540k per annum, increasing annually in line with either Council pay or the London Living Wage (LLW) if Council pay stagnates.</p> <p><b>Option [4]- Let a new ‘out-sourced’ contract using enhanced terms and conditions for staff, bringing their terms and conditions in line as much as possible with Council staff</b></p> <p>This is the status quo and has worked well since 2005, but can be improved to bring PSS Operators to parity with Council staff terms and conditions in almost every respect. If this option is selected, and the enhanced pay rates are implemented, the estimated cost would be £690k per annum. The cost increase is due to the extra pay and holiday in the contract to bring monitoring staff to parity with likely Council staff gradings and leave allowances. This will result in an increase of budget of £150k per annum based on current costs, increasing in line with pay awards.</p> <p><b>Option [5] - To set up a Trading Company to undertake the PSS monitoring service.</b></p> <p>Timescales prohibit this option. The service has liaised with John Wheatley – Director of Sustainability and Environment and examined the resources needed, the timescales involved and then assessed the recruitment, training and licensing implications and it is not possible to achieve in the time available. This could, however, be a long term strategy and therefore break points are built into the proposed contract to allow this option to be further investigated and pursued.</p>

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		<table border="1"> <thead> <tr> <th>Year</th><th>Route A: Lobbying</th><th>Route B: Setting up a Trading Company</th></tr> </thead> <tbody> <tr> <td>1</td><td>↓</td><td></td></tr> <tr> <td>2</td><td>↓</td><td></td></tr> <tr> <td>3</td><td>↓</td><td>↓</td></tr> <tr> <td>4</td><td><b>If unsuccessful, fall back to Route B.</b></td><td>↓</td></tr> <tr> <td>5</td><td></td><td>↓</td></tr> <tr> <td>6</td><td></td><td><b>Commencement of Trading company.</b></td></tr> </tbody> </table> <p>This is a 5 year plan, to allow for initial options of lobbying to change the supposition that elected councillors would need to be Directors, if that fails or seems unlikely to succeed then route B could be explored with a trading company set up to take over at the no penalty break clause point.</p>	Year	Route A: Lobbying	Route B: Setting up a Trading Company	1	↓		2	↓		3	↓	↓	4	<b>If unsuccessful, fall back to Route B.</b>	↓	5		↓	6		<b>Commencement of Trading company.</b>
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9	FCR S047 SELECTION OF A CONTRACTOR FOR THE CONSTRUCTION OF PRIMARY CARE SURGERIES AT: LAND TO REAR OF 2-28 BELFAST ROAD, N16 THE PORTICO, 34 LINSKOTT ROAD, E5 CONTRACT APPROVAL	<p><b>RESOLVED:</b></p> <p>That the Cabinet Procurement and Insourcing Committee:</p> <p>Agreed to delegate the approval of the Contract Award for the construction of a primary care surgery at land to rear of 2-28 Belfast Road, N16 and The Portico, 34 Linscott Road, E5 to the Group Director of Finance and Corporate Resources in consultation with the Mayor and Director of Strategic Property Services, and authorise the Director of Legal &amp; Governance to agree and enter into all necessary legal documentation in connection with such contract award.</p> <ul style="list-style-type: none"> <li>Agreed to require the Director of Strategic Property Services to submit the Cabinet Procurement and Insourcing Committee an updated Contract Award</li> </ul>																					

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		<p align="center">Report to the next available committee meeting after approval of the Contract Award by the Group Director of Finance and Corporate Resources.</p> <p>The Committee <u>noted</u> the agreed appendix.</p> <p><b>REASONS FOR DECISION:</b></p> <p>This report outlines the progress made by the team in procuring a principal contractor to construct two new primary care surgeries on each site (please see section 4.5 for more details) including reporting on the Standard Selection Questionnaire (SQ) outcomes. It also sets out the reasons behind our recommendation that the committee delegates to The Group Director Finance and Resources in consultation with the Mayor and Director of Strategic Property the construction contract award. With a requirement that the Director of Strategic Property will provide an updated Award Report to the next available Cabinet Procurement and Insourcing Committee meeting.</p> <p>The business case for the two primary care capital projects, construction phase was considered and approved at Cabinet Procurement Committee in December 2020. In the Primary Care Capital Projects; Project Board highlight reports the team have consistently flagged a risk around the 2 - 2.5 month reporting period of taking the contract award going back to CPIC (formally CPC) post tender assessment. This is seen as a risk to the project programme already significantly impacted by planning delays and cost as the Council's professional team and the recommended contractor are unable to progress the projects whilst the CPIC Contract Award report is prepared and then goes through governance before review by the committee.</p> <p>Furthermore, in the current construction market, we are seeing almost unprecedented cost inflation and uncertainty with contractors being in a position to 'pick and choose' projects. The</p>



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		<p>bidders have been requested to hold their prices for 12 weeks in the tender however as we are expecting a negotiation period the tender prices will not hold before the CPIC contract award can be approved. As a consequence of the delay in the current construction cost environment our expectation is that the price tendered may increase. Bidders to ensure that pricing is competitive are understandably unprepared to take on any price risk until they have a contract award. We therefore consider that the CPIC award approval timescales as a further risk to the projects costs and securing the preferred tenderer.</p> <p>Our chosen procurement method gives the team the option to negotiate with the tenderers. This was seen as a sensible approach in the current market mainly with a view to negotiate on costs if the returns were problematically above the cost assessments by the project's Quantity Surveyors. However as identified the negotiation stage would further delay a CPIC Contract Award approval which in turn potentially could be further delayed by election protocol extending the project's timescales and cost risk even further.</p> <p>The Council in accordance with the Cabinet decision has entered into the agreement for leases with the two surgeries. The negotiated longstop dates on delivery of the surgeries will not be affected by the programme delays identified. However there is a risk of reputational damage to the Council if the surgeries are not delivered in 2023 as expected by the doctors and their patients. The timescales of the CPIC process itself will push the programme into 2024 but combined with a negotiation stage will push the programme even further out.</p> <p>The projects have been tendered following the completion of RIBA stage 4. The Quantity Surveyors construction cost plans have been updated and are attached in Appendix 1. They show a substantial increase in the estimated cost of both projects.</p> <p>Both schemes are required to be self-financing over an indicative 30 year term, taking into account estimated build cost, annual rent and assuming that LB Hackney would borrow to</p>

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		<p>finance construction. The eventual financing route will be a Treasury decision taken at the necessary point before proceeding with construction.</p> <p>In accordance with the Cabinet decision the viability test for the development of the two surgeries has to be met. This is already delegated to the Group Director of Finance and Corporate Resources in consultation with the Director of Strategic Property Services. The finalised tender return is one of the two main inputs into that viability test; it therefore will aid the timely assessment of the viability test and progress of the projects if the Contract Award is similarly delegated.</p> <p>For all the reasons set out above it was therefore considered prudent to provide CPIC with this report, bringing the committee up to date on the procurement of the contractors, but recommending that the final contract award is delegated to the senior officers to help mitigate the identified risks to the projects.</p>
10	FCR S050 Variable Data Print reprourement	<p><b>RESOLVED:</b></p> <p>That the Cabinet Procurement and Insourcing Committee:</p> <p>Agreed to approve the award of a 4-year contract, via the Crown Commercial Services framework RM6017 for Postal Goods, Services and Solutions (Lot 7: Hybrid Mail, Digital And Transformational Communications) to 'Supplier A' for the estimated contract value of up to £3.5M.</p> <p><b>REASONS FOR DECISION/OPTIONS APPRAISAL</b></p> <p>The Council continues to have a requirement for these additional specialist print services and with the current contract having expired in March 2020, there is a need to reprocur via an appropriate framework. This contract will be a call off contract that enables a wide range of</p>

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		<p>council services to use the contract when needed and when appropriate. The contract award does not commit the council to any spend for printing, notwithstanding any potential set up costs that could be charged by a new supplier as part of their commercial bid.</p> <p>These specialist print services form part of our overall communications with residents. In recent years alternative avenues of communicating with residents have been explored and introduced, for example we are also making use of Gov.Notify built into new digital services to send bulk emails/SMS messages and letters to residents. The proposed future approach is to continue to use an effective mix of our in-house print, the Gov.Notify service and the external variable data print contract which is detailed in this paper to meet the Council's varied written communication needs with the residents and local businesses.</p> <p>This report therefore seeks authorisation to award this contract, which does not guarantee specific volumes of work to the supplier, in order to enable the Council's services to competitively meet increases in demand for variable print services and support the communications strategies of the Council and its departments in a way that is also aligned to the Council's sustainability values and meet the high standards of performance required by the Council.</p> <p>In arriving at this recommendation the following options were considered: (a) do nothing, (b) in-source service provision, (c) call-off services from existing framework agreements.</p> <p>Do nothing: This option is not available to the Council as there is an ongoing requirement for the service which we cannot meet in house and the existing contract has expired. Doing nothing places an ongoing risk to the Council and the areas who require this work as there is no formal contract in place.</p>

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		<p>Insourcing: Providing the Service in-House is not cost effective due to the costs of investment needed into the Print Unit for the required specialist equipment and personnel, to be able to provide the range of services needed. It is also anticipated that the need for these services will reduce over the life of the contract (as described above in a strategic context) and therefore investment in specialist equipment would bring diminishing returns.</p> <p>The preferred option is to proceed via a further competition to be undertaken via the Crown Commercial services frameworks RM6017 for Postal Goods, Services and Solutions (Lot 7: Hybrid Mail, Digital And Transformational Communications).</p> <p>The preferred option ensures the Council can gain best value through the competitive pricing offered via CCS as well as being in line with Council requirements, in a call off contract that enables services to use this service when needed, whilst allowing us to transform the services to residents in line with changing user needs and behaviours.</p>
11	ANY OTHER UNRESTRICTED BUSINESS THE CHAIR CONSIDERS TO BE URGENT	There was no other urgent business to consider.
12	DATE OF FUTURE MEETINGS	The Committee noted the dates of future meetings.
13	EXCLUSION OF THE PUBLIC AND PRESS	<p><b>RESOLVED:</b></p> <p>That the Cabinet Procurement and Insourcing Committee noted exempt items 14, 15 and 16.</p>
17	ANY OTHER EXEMPT BUSINESS THE CHAIR CONSIDERS TO BE URGENT	There was no other exempt business.