



London Borough of Hackney – Decisions taken by the Cabinet Procurement and Insourcing Committee on Monday 11 April 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, Democratic and Electoral 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).

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Part A – Items considered in public

Agenda Item No	Topic	Decision
7	Procurement for General Building Dedicated for ASMs; and Contract Variation Request on the Existing Contract Sum for P2014 General Building Works Contract 2 NH S054	<p>Resolved:</p> <p>To vary the General Building Works for Area Surveying Managers (ASMs) Contract dated 01/10/2015 in favour of the existing Contractor until 31/03/2023 for an increased value of £7,098,000.00 excluding vat (£8,517,600 including VAT) to allow for the reprocurement of the service. This variation represents 15% of variation of the current contract value of £47M (excluding VAT) to support unplanned and unexpected works including both COVID and emergency works.</p> <p>To procure four contractors to support the Building Maintenance service:</p>

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		<p>Lot 1, General Building Works for Area Surveying Managers (ASMs) for a period of 4 years with an option to extend up to a further 4 years for estimated contract value of £48M (excluding Vat):</p> <ul style="list-style-type: none"> i) Contract 1: The first ranked contractor will be allocated 60% of the work on a value basis. ii) Contract 2: The second ranked contractor will be allocated 40% of the work on a value basis. <p>Lot 2: DLO Support Contractors for a period of 2 years with an option to extend up to a further 1 year for estimated contract value of £2m excluding VAT:</p> <ul style="list-style-type: none"> i) Contract 1: The first ranked contractor will be allocated 60% of the work on a value basis. ii) Contract 2: The second ranked contractor will be allocated 40% of the work on a value basis. <p>Reasons for Decision:</p> <p>The existing contract for ASM was not expected to reach the levels of expenditure before the end of the contract term and this was unforeseen due to the increase in demand. It has therefore been decided to bring the procurement of the new service forward to limit the size of contract variation and to allow competition.</p> <p>Some of the reasons for the increased expenditure was for fire safety works which have become more pressing since the introduction of recommendations after Grenfell as well as supporting repairs to housing services during COVID.</p> <p>According to our finance team report (Payment Cert Logs-2021-2022), the existing contractor</p>

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		<p>has spent £40,265,513 by 7th December 2021, and Hackney's remaining value would be £7,054,487. Considering work in progress, £1,738,143.16 Hackney's remaining value is £5,316,344.04.</p> <p>Therefore, due to market fluctuations, the massive demand in Hackney and the lack of supply in the other areas of the Council such as PAM, FRA, Regeneration, VOIDS, and electrical a 15% increase in the total contract value, would meet the Council's needs and therefore a variation of £7,098,000.00 is required.</p> <p>The historic performance of the existing contractor prior to the cyberattack has been satisfactory in terms of quality of work and service delivery. The Building Maintenance team has been working with the ICT services to develop a robust process to quantify and evaluate the contractor performance information by using our in-house Business Intelligence capabilities and to publish performance dashboards.</p> <p><u>Reasons For Lot 1 And Lot 2</u></p> <p>The reasons for splitting the new contracts into two lots with 2 contracts each are:</p> <p>For Lot 1: The existing expenditure against the contract is close to the awarded value of the contract</p> <p>The DLO is planning to expand over the years and these contracts will support the insourcing of services</p> <p>The pre-tender estimate of these packages is above the UK threshold for works and a Find a Tender procurement is considered likely to result in a competitive market price.</p>

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		<p>This option delivers measurable benefits in that access to an external repairs resource directly contracted to the ASM and the DLO will enable:</p> <ul style="list-style-type: none"> i) DLO to have a friendly and positive competition against the General Building Works Contractors - Lot 1 ii) Undertake larger works, including those where minor elements were outside of its skills base. iii) Manage fluctuations in workload while keeping the in house workforce fully employed at all times, including better managing the adoption of new work streams and the expansion of the in house team. iv) Have direct access to external repair resources and better contribute to the housing emergency plan in accessing an additional repairs capacity in the event of a critical failure of current arrangements. v) Deliver equal or better value for money than issuing these works to the P2014 contractors. <p>Bidders returns from both lots will be benchmarked against existing other contracts and the in-house service to ensure value for money.</p> <p>Both lots work shall be on a 60:40 value basis, split between the two appointed contractors for each Lot as determined by their tender ranking. That allocation shall continue unless either one of the two awarded contractors were terminated on performance grounds or in the event of one of the contractors giving Notice of Termination, thus enabling London Borough of Hackney to have a contingency plan in place.</p>
8	Lift Replacement and Maintenance Procurement Business Case NH S076	<p>Resolved:</p> <p>That Cabinet Procurement and Insourcing Committee approves the procurement of two (2) contracts to undertake servicing and maintenance as well as lift refurbishments to Hackney’s housing stock for a period of five (5) years with an option to extend for a further five (5) years.</p>

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		<p>Reasons for Decision:</p> <p>The proposed lift replacement and maintenance contracts are required to ensure that Hackney Council meets its statutory requirements as a landlord and ensures the safety of its residents. In addition, it will ensure that lifts are out of service for the minimum time possible. The contracts will enable Hackney to achieve its objective to undertake capital investment within its significant lift portfolio thus minimising breakdowns and ensuring longevity of the lifts. As a result of the significant statutory and reputational impact of not having a suitable lift contract in place the procurement of a lift contract can be considered of high risk to the Council.</p>
9	<p>Electrical Fire Safety: Large Blocks and Street Properties Contact Award and Update on Property and Asset Management Procurement Contract Approval NH S072</p>	<p>Resolved:</p> <p>That Cabinet Procurement and Insourcing Committee approves the award of the following contracts:</p> <p>Electrical Fire Safety:</p> <ul style="list-style-type: none"> ● Lot 1 - Large Blocks: Contractor 1 in Appendix A (Exempt) for a term of 5 years with an option to extend the contract for up to a further 5 years ● Lot 2 - Street Properties: Contractor 1 in Appendix A (Exempt) for a term of 5 years with an option to extend the contract for up to a further 5 years <p>To note the update on the procurement of the framework for internal and external works.</p> <p>Reasons for Decision:</p>

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		<p>The proposed Electrical Fire Safety contracts are required to ensure that Hackney Council meets its statutory requirements as a landlord and ensures the safety of its residents. The contract will be able to ensure that all properties that require fire protection systems such as fire alarm systems, communal and emergency lighting and automatic opening vents can either have these installed or upgraded. The contract will also enable the necessary servicing and testing as well as repairs to be undertaken.</p>
<p>10</p>	<p>Update on the Selection of a Contractor for the Construction of Mixed Tenure Homes at Kings Crescent Estate - Phases 3&4 CE S077</p>	<p>Resolved:</p> <p>To delegate the approval of the Contract Award for Kings Crescent Phases 3&4 to the Group Director, Climate, Homes and Economy in consultation with the Group Director, Finance and Corporate Resources.</p> <p>Reasons for Decision:</p> <p>This report outlines the process for procuring a main contractor using a Competitive Procedure with Negotiation procurement route, and entering into a single stage design and build contract for Kings Crescent Phases 3&4. The Council wishes to continue the phased development of Kings Crescent as an exemplary housing, community and commercial scheme and to procure a main contractor to deliver the project. The contractor will be appointed to take the project forward from RIBA stage 3+.</p>