



# **C A B I N E T P R O C U R E M E N T A N D I N S O U R C I N G C O M M I T T E E**

**Monday 13 June 2022  
at 5.00 pm**

The live stream can be viewed here:

Main: <https://youtu.be/c6Nt3BIFKhk>

Backup: <https://youtu.be/gO-alco69oE>

## **Members of the Committee:**

Councillor Robert Chapman, Cabinet Member for Finance (Chair)  
Councillor Anntoinette Bramble, Deputy Mayor and Cabinet Member for  
Education, Young People and Children's Social Care  
Councillor Christopher Kennedy, Cabinet Member for Health, Adult Social  
Care and Leisure  
Councillor Caroline Woodley, Cabinet Member for Families, Early Years and  
Play

**Mark Carroll**  
Chief Executive  
Wednesday 1 June 2022  
[www.hackney.gov.uk](http://www.hackney.gov.uk)

**Peter Gray**  
Governance Officer  
[Peter.Gray@hackney.gov.uk](mailto:Peter.Gray@hackney.gov.uk)

# **Cabinet Procurement and Insourcing Committee**

## **Monday 13 June 2022**

### **Agenda**

#### **1 APOLOGIES FOR ABSENCE**

#### **2 Urgent Business**

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 11 below. New items of exempt urgent business will be dealt with at Item 18 below.

#### **3 DECLARATIONS OF INTEREST - Members to declare as appropriate**

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:

- (i) must disclose the interest at the start of the meeting or when the interest becomes apparent, and
- (ii) may not participate in any discussion or vote on the matter and must withdraw from the meeting room.

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.

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.

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:

- (i) must disclose the interest at the start of the meeting or when the interest becomes apparent, and
- (ii) may not participate in any discussion or vote on the matter and must withdraw from the meeting room.

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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.

#### **4 NOTICE OF INTENTION TO CONDUCT BUSINESS IN PRIVATE, ANY REPRESENTATION RECEIVED AND THE RESPONSE TO ANY SUCH REPRESENTATIONS**

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) Regulations 2012 (the "Regulations"), members of the public can make representations about why that part of the meeting should be open to the public.

This agenda contains exempt items as set out at Item 14 – 17.

No representations with regard to these have been received.

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.

## **5 DEPUTATIONS/PETITIONS/QUESTIONS**

## **6 UNRESTRICTED MINUTES OF THE PREVIOUS MEETING OF CABINET PROCUREMENT COMMITTEE HELD ON 11 APRIL 2022 (Pages 9 - 14)**

To confirm the unrestricted minutes of the meeting of Cabinet Procurement Committee held on 11 April 2022.

## **7 PROVISION OF SUPPORT SERVICE FOR DISABLED CHILDREN SERVICES (Pages 15 - 30)**

## **8 BRITANIA PHASE 2B - SALES AGENT CONTRACT AWARD RECOMMENDATION (Pages 31 - 46)**

## **9 ADULT AND COMMUNITY LEARNING FRAMEWORK 2022-26 (Pages 47 - 64)**

## **10 COMMUNAL ELECTRICAL SUPPLY: CONTRACT AWARD (Pages 65 - 78)**

## **11 ANY OTHER UNRESTRICTED BUSINESS THE CHAIR CONSIDERS TO BE URGENT**

## **12 DATE OF FUTURE MEETINGS**

18 July 2022

5 September 2022

3 October 2022

7 November 2022

5 December 2022

Meetings will be held at 5.00pm:

### **13 EXCLUSION OF THE PUBLIC AND PRESS**

Note from Governance Services

Items 14 - 17 allows 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 14 -17 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.

- 14 PROVISION OF SUPPORT SERVICE FOR DISABLED CHILDREN SERVICE - EXEMPT APPENDICES (Pages 79 - 82)**
- 15 BRITANIA PHASE 2B - SALES AGENT CONTRACT AWARD RECOMMENDATION - EXEMPT APPENDICES (Pages 83 - 88)**
- 16 ADULT AND COMMUNITY LEARNING FRAMEWORK 2022-26 - EXEMPT APPENDIX (Pages 89 - 92)**
- 17 COMMUNAL ELECTRICAL SUPPLY: CONTRACT AWARD - EXEMPT APPENDICES (Pages 93 - 98)**
- 18 ANY OTHER EXEMPT BUSINESS THE CHAIR CONSIDERS TO BE URGENT**

## **Public Attendance**

Following the lifting of all Covid-19 restrictions by the Government and the Council updating its assessment of access to its buildings, the Town Hall is now open to the public and members of the public may attend meetings of the Council. We recognise, however, that you may find it more convenient to observe the meeting via the live-stream facility, the link for which appears on the agenda front sheet.

We would ask that if you have either tested positive for Covid-19 or have any symptoms that you do not attend the meeting, but rather use the livestream facility. If this applies and you are attending the meeting to ask a question, make a deputation or present a petition then you may contact the Officer named at the beginning of the Agenda and they will be able to make arrangements for the Chair of the meeting to ask the question, make the deputation or present the petition on your behalf.

The Council will continue to ensure that access to our meetings is in line with any Covid-19 restrictions that may be in force from time to time and also in line with public health advice. The latest general advice can be found here - <https://hackney.gov.uk/coronavirus-support>

## **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. 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.

## **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:

- Director of Legal, Democratic and Electoral Services
- 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.

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

- i. 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;
- ii. 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
- iii. 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.



If you have a disclosable 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 (subject to the rules regarding sensitive interests).
- ii. You must leave the meeting when the item in which you have an interest is being discussed. You cannot stay in the meeting 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.
- iii. If you have, however, obtained dispensation from the Monitoring Officer or Standards Committee you may remain in the meeting 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.

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.

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 meeting, 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 meeting unless you have obtained a dispensation from the Monitoring Officer or Standards Committee. You cannot stay in the meeting 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 meeting. Once you have finished making your representation, you must leave the meeting 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 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 non pecuniary interest.

#### Further Information

Advice can be obtained from Dawn Carter-McDonald, Director of Legal, Democratic and Electoral Services via email [dawn.carter-mcdonald@hackney.gov.uk](mailto:dawn.carter-mcdonald@hackney.gov.uk)





## MINUTES OF A MEETING OF THE CABINET PROCUREMENT AND INSOURCING COMMITTEE

MONDAY 11 APRIL 2022

<b>Chair</b>	<b>Councillor Robert Chapman in the Chair</b>
<b>Councillors Present:</b>	<b>Cllr Christopher Kennedy and Cllr Caroline Woodley</b>
<b>Apologies:</b>	<b>Deputy Mayor Anntoinette Bramble</b>
<b>Officers in Attendance</b>	<b>Rotimi Ajilore, Head of Procurement Andrew Spragg, Team Leader - Governance</b>  <b><u>Attending remotely</u></b> <b>Candace Bloomfield, Directorate Procurement Manager</b> <b>Dawn Cafferty, Procurement Category Lead - Social Care and Corporate Services</b> <b>Merle Ferguson, Procurement Strategy and Systems Lead</b> <b>Ron Greenwood, Project Manager, Regeneration and Capital Programme Delivery</b> <b>Jane Havemann, Interim Head of Estate Regeneration</b> <b>Mario Kahraman, Senior ICT Support Analyst</b> <b>Robert Mathison, Interim Head of Property and Asset Management</b> <b>Nkencho Okonta, Trainee Solicitor</b> <b>Chantelle Pink, Contracts and Procurement Lawyer</b> <b>Kain Roach, Interim Head of Building Maintenance</b>

### **1 Apologies for Absence**

1.1 Apologies were received from Deputy Mayor Bramble.

### **2 Urgent Business**

2.1 There was no urgent business to consider.

### **3 Declarations of Interest - Members to declare as appropriate**

3.1 There were no declarations of interest.

### **4 Notice of Intention to Conduct Business in Private, Any Representation Received and the Response to Any Such Representations**

4.1 There were no representations to consider.

**5 Deputations/Petitions/Questions**

5.1 There were none received.

**6 Unrestricted Minutes of the Previous Meeting of Cabinet Procurement and Insourcing Committee Held on 7 March 2022**

**Resolved:**

That the minutes of the Cabinet Procurement and Insourcing Committee held on 7 March 2022 are agreed as an accurate record of the meeting.

**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**

7.1 The report was introduced by the Interim Head of Building Maintenance. Cllr Woodley queried what the target was for bringing services in-house. It was noted that there would always be a need for external contractors in certain circumstances, though the focus was moving the balance to greater in-house delivery while demonstrating value for money over the next five year period.

**Resolved:**

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.

To procure four contractors to support the Building Maintenance service:

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):

- 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.

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:

- 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.

**Reasons for Decision:**

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.

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.

According to our finance team report (Payment Cert Logs-2021-2022), the existing contractor 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.

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.

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.

### Reasons For Lot 1 And Lot 2

The reasons for splitting the new contracts into two lots with 2 contracts each are:

For Lot 1: The existing expenditure against the contract is close to the awarded value of the contract

The DLO is planning to expand over the years and these contracts will support the insourcing of services

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.

This option delivers measurable benefits in that access to an external repairs resource directly contracted to the ASM and the DLO will enable:

- 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.

Bidders returns from both lots will be benchmarked against existing other contracts and the in-house service to ensure value for money.

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.

**8 Lift Replacement and Maintenance Procurement Business Case NH S076**

- 8.1 The Interim Head of Property and Asset Management introduced the report. It was confirmed that the use of two contractors was an explicit requirement of the procurement exercise, and that the geographical split would secure benefits in terms of contractor vehicles covering a smaller area. The Chair welcomed the supplementary paper, but commented he would like to see some firmer Key Performance Indicators (KPIs) on how the contract would deliver the Council's sustainable procurement priorities. Officers gave assurances that this would be taken into account, citing the use of training and opportunities for local apprenticeships as being a component of the procurement exercise.

**Resolved:**

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.

**Reasons for Decision:**

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.

**9 Electrical Fire Safety: Large Blocks and Street Properties Contact Award and Update on Property and Asset Management Procurement Contract Approval NH S072**

- 9.1 The Interim Head of Property and Asset Management introduced the report. Questions were reserved for the exempt session, following which the Committee approved the recommendations.

**Resolved:**

That Cabinet Procurement and Insourcing Committee approves the award of the following contracts:

Electrical Fire Safety:

- 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

To note the update on the procurement of the framework for internal and external works.

**Reasons for Decision:**

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.

**10 Update on the Selection of a Contractor for the Construction of Mixed Tenure Homes at Kings Crescent Estate - Phases 3&4 CE S077**

10.1 The Project Manager, Regeneration and Capital Programme Delivery introduced the report. The Committee discussed questions regarding the delegation of authority, and whether there was scope to look at the manner in which the Committee conducted business. It was confirmed that the delegation to the Group Director was valid although the individual was yet to assume their post. The Team Leader, Governance confirmed that a Delegated Powers Report by the Chief Executive had allocated approval to the relevant Service or Strategic Director as an interim arrangement while the Group Director recruitment was taking place.

10.2 Following some questions raised in the exempt session, the Committee approved the recommendations.

**Resolved:**

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.

**Reasons for Decision:**

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+.

**11 Any Other Unrestricted Business the Chair Considers to Be Urgent**

11.1 There was no urgent business to consider. The Chair noted that Andy Spragg would be leaving Hackney at the end of the month to take up a role as Head of Governance at the General Optical Council. The Committee thanked him for his support.

**12 Exclusion of the Public and Press**

**Resolved:**

THAT the press and public be excluded from the proceedings of the Cabinet Procurement and Insourcing Committee during consideration of Exempt items 13-14 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.

**13 Electrical Fire Safety: Large Blocks and Street Properties Contact Award and Update on Property and Asset Management Procurement Contract Approval NH S072**

13.1 The Committee asked a number of questions under the exempt item, before approving the recommendations set out under item 9.

**14 Update on the Selection of a Contractor for the Construction of Mixed Tenure Homes at Kings Crescent Estate - Phases 3&4 CE S077**

- 14.1 The Committee asked a number of questions under the exempt item, before approving the recommendations set out under item 10.

**15 Any Other Exempt Business the Chair Considers to Be Urgent**

- 15.1 There was no urgent business to consider.

**Duration of the meeting:** 5pm - 5.45 pm

**Contact:**

Andrew Spragg, Team Leader - Governance  
governance@hackney.gov.uk



<p><b>Provision of Support Service for Disabled Children Service (Integrated Homecare for Disabled Children and Young People)</b></p> <p><b>CONTRACT APPROVAL</b></p> <p>Key Decision No.</p>	
<p><b>CABINET PROCUREMENT AND INSOURCING COMMITTEE MEETING DATE (2022/23)</b></p> <p>13 June 2022</p>	<p><b>CLASSIFICATION:</b></p> <p>Open with Exempt Appendix</p> <p><b>If exempt, the reason will be listed in the main body of this report.</b></p>
<p><b>WARD(S) AFFECTED</b></p> <p>ALL</p>	
<p><b>CABINET MEMBER</b></p> <p>Councillor Caroline Woodley</p>	
<p><b>KEY DECISION</b></p> <p>Yes</p> <p><b>REASON</b></p> <p>Affects two or more wards Spending/or saving</p> <p><b>MEDIUM RISK</b></p>	
<p><b>GROUP DIRECTOR</b></p> <p>Jacque Burke Group Director of Children and Education</p>	



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

- 1.1. This report seeks approval for the award of a 4 year Framework agreement.
- 1.2. As per the Council's Contract Standing Order 2.5.3, the value of this contract is up to approximately £6.2m and requires that the Award of a Medium risk contract of this value be approved by Cabinet Procurement and Insourcing Committee.
- 1.3. The framework will ensure the delivery of support for the most vulnerable young people in Hackney.

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

- 2.1. This report proposes the contract award of support services for children and young people with a disability via a Framework Agreement. This report summarises the options appraisal for the proposed services and preferred procurement strategy.
- 2.2. The Council has a legal obligation under the Children Act 1989 and 2004, section 25 of the Children & Young Persons Act 2008 and the Breaks for Carers of Disabled Children Regulations 2011 state that all children with disabilities living in Hackney have the right to services and support in order to live ordinary lives; they and their families have a right to build a future full of opportunities including play.
- 2.3. The Framework Agreement seeks to commission providers to support young people's leisure and personal care needs through 4 separate Lots. We recognise that some families rely on the Council to establish and manage support for their children and the Framework Agreement will allow Hackney to purchase these services on their behalf. The Council will promote these providers to eligible clients, thus ensuring that there is good awareness of the range of choice in the borough.
- 2.4. The proposed procurement arrangement will support Hackney to meet its duty to support children and young people with a disability in line with the requests for support through the Disabled Children's Service and facilitate the implementation of a robust quality assurance framework to monitor the performance of providers who are operating in this service. The framework will ensure the delivery of support for the most vulnerable young people in Hackney. The services will support the children and young people with steps towards independence, increasing their quality of life and maintaining engagement in their local communities.

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

**Cabinet Procurement and Insourcing Committee is recommended:**

**To approve the award of the Provision of Support Services for Disabled Children Service contract to the 33 Suppliers listed in Exempt**

**Appendix 1. The Framework Agreement will run for a period of three (3) years, with an option to extend for a period, or periods of a maximum of a further twelve months, with an estimated total value of £6,198,400.**

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

- 4.1. The Business Case was approved at the Hackney Procurement Board meeting on 11th January 2022, authorising the commencement of the procurement process for the provision of the Support Services for Disabled Children Services.

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

- 5.1.1 The existing Framework Agreement for Integrated Homecare for Disabled Children and Young People commenced on 1st April and expired on 31st March 2019. A business case to extend the service for a period of 26 months was sought and approved to enable the redesign of the Disabled Children Service (DCS) provision. The Framework Agreement will now expire on 30th June 2022.
- 5.1.2 The purpose of the Disabled Children's Service redesign is to streamline the provisions offered to children and families. The procurement strategy to commission a new Framework Agreement for the Provision for Leisure Activities, Domiciliary Care & Overnight Services, which will align with the current Dynamic Purchasing System (DPS) for Short Breaks and expire simultaneously.
- 5.1.3 The support will be for children and young people with a disability under the age of 18.
- 5.1.4 It was initially agreed for Disabled Children's Service and Adults Services to commission Homecare Services collaboratively to achieve economies of scale, reduce duplication and manage resources effectively. However, having reviewed the DCS provision more critically and assessing the magnitude and complexity of the Adults Service provision in comparison to DCS, it was decided that DCS should commission its provision separately in order to ensure the needs of children are met. Within the model one lot was allocated to the Disabled Children's services and further subdivided into two (2) further lots to capture leisure activities and domiciliary care. There was no scope to include the overnight provision and it was decided that a separate procurement was required to capture this service.
- 5.1.5 Implementing the DCS procurement strategy allows the unit to focus on specific support for children whilst engaging providers that are more suited to delivering services that meet the ever changing and complex needs of children and young people.

- 5.1.6 Commissioning services specifically for the Disabled Children's Services would be beneficial for the following reasons:
- Providers would meet the specified criteria that will support children with disabilities.
  - Eliminate ambiguity from the providers on the type of support required.
  - Allow flexibility with care plans and packages of support
  - Increase the number of providers directly available for children's services.
- 5.1.7 As part of our efforts to streamline DCS, the management of Overnight Short Breaks which was previously held by the Placement Management Unit (PMU) will now be managed by DCS as this service will form part of an ongoing package delivered to children and families.
- 5.1.8 The requests for overnight support have continued to increase year on year and due to the lack of Short Break overnight providers, children are currently waiting for support to commence.
- 5.1.9 As stated above, the new service will be complementary to the existing Short Break provision and will only be accessed by the children and young people who have the greatest need and a service will only be allocated following an assessment by a social worker and agreement by the Disabled Children's Resource Panel.
- 5.1.10 Children with a disability experience challenges in achieving their potential. Therefore, the aim of this new service is to improve the outcomes of these children by giving them access to services to enhance equality of opportunity and increase their involvement and inclusion in society and mainstream services. The provision will enable communities to benefit from the contribution that disabled children and their families can make by harnessing their talent and fostering tolerance, diversity and difference.
- 5.1.11 The services will give disabled children and young people an opportunity to meet new people and enjoy different experiences whilst also providing families with a break from their caring responsibilities.
- 5.1.12 The Children and Families Act 2014 and associated statutory guidance places a responsibility on the Authority to commission care and support based on taking full account of:
- The views, wishes and feelings of the child and his or her parent(s), or the young person.
  - The importance of the child and his or her parent(s) or the young person participating as fully as possible in decisions.
  - The importance of the child and his or her parent(s) or the young person being provided with the information and support necessary to enable participation in those decisions.
  - The need to support the child and his or her parent, or the young person, in order to facilitate the development of the child or young person and to help him or her achieve the best possible educational and other outcomes.

5.1.13 At present there are 360 children and young people accessing the service through a combination of commissioned services and direct payments.

5.1.14 The support services are currently being provided by 5 organisations within the current framework and 20 organisations on a spot purchase basis for all aspects of the service.

5.1.15 The new Framework Agreement will enable Hackney to increase the number of providers delivering support to children and young people who have been allocated DCS service thereby increasing choice.

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

5.2.1 **Option 1 – DO NOTHING.** This would fail to meet our statutory obligation and would impact negatively on the well-being of the children and young people with a disability and their families. This would lead to a breakdown of families and an increase in the number of children being taken into care.

**Option 2 – IN-HOUSE:** Please see “Insourcing” below

**Option 3 – CONTRACTED SERVICE ONLY.** This option would involve contracting with only a limited number of service providers for the three year period following a tender process. This option is not recommended as it would mean a restricted range of services for disabled children and young people and limited ability for the Council to tailor services or target particular needs and gaps.

**Option 4 – DIRECT PAYMENTS.** An alternative option would be to convert the support to Direct Payments. The number of children and young people using Direct Payment for DCS support is approximately 23% of all DCS services delivered in Hackney. If all service users were to take Direct Payments, then there would be no need for a direct contractual link between DCS providers and the council. Therefore, a contract would not be required and no further arrangement would need to be in place.

To progress this model would require a very high level of resource in order to communicate and support both service users and providers. Consideration would need to be given to quality monitoring without imposing any contractual relationship between Council and the provider. The development of the IT infrastructure would also be required, and this may have further cost implications.

It is acknowledged that Direct Payments are an effective way to ensure a person-centred outcome focused approach as per the requirements of the Care Act 2014. However, there are risks to taking a full personalisation approach as it may simply not be appropriate for all children and young people. Therefore, whilst the longer-term vision of the Council is to support

wider personalisation it is recommended that contractual coverage is put in place during this transition to ensure a high-quality value for money service. Therefore, this is currently not a viable option.

### 5.2.2 **Insourcing:**

The demand for Disabled Children's services is happening during a period of significant and ongoing financial challenges for the Council. Therefore, the option to deliver the services in-house is not recommended at this time given the significant level of resource that would be required.

Currently 368 children and young people are receiving support via the Disabled Children's Service (DCS) for social activities, domiciliary care, overnight support and Direct Payments.

The breakdown of support is as follows:

Social Activities -	59.73%
Domiciliary Care -	13.57%
Overnights -	3.69%
Direct Payment -	23.01%

The majority of the support is delivered as social activities and domiciliary care, the number of leisure activity hours that will be delivered annually is approx 92,000 hours and domiciliary care will be 51,000 hours per year (assuming that each child uses all the hours that have been allocated to them for the year). This is an average of of 220 hours per child per year for leisure activities and 524 hours per child per year for domiciliary care (the number of children receiving domiciliary care is lower than leisure activities and number of hours per child for domiciliary care are higher because this service is allocated to children who have a significant level of need).

*Please note that these figures are estimates as there is limited data available since the data attack in October 2020.*

This support is currently being delivered by 5 organisations who are part of the current framework contract and 22 organisations who are part of a spot purchase agreement.

To bring this service in-house would require a significant level of resource and a high capital investment. It would be akin to setting up an in-house domiciliary care agency that would require:

- A separate Ofsted registration;
- Employers liability insurance;
- On going training;
- Enhanced DBS checks;
- A registered manager and team leaders;
- An ongoing recruitment process.

Added to which the recruitment of care workers would be an ongoing problem. At present, there is a 27% staff turnover in the social care sector which is

more than twice the average for other professions. This is due to unpredictable rotas, unsociable hours, a significant amount of downtime in the middle of the day, and the need to travel long distances between clients. The problem of recruitment is compounded by Brexit as a significant number of carers were from Europe who are no longer available for recruitment.

By using a variety of local providers we can achieve value for money as this will allow Hackney Council to use organisations from a larger pool of providers to deliver the services to an increasing number of children and young people; and should a provider under perform or not meet the goals set out in the specification it is simple to switch to another provider.

Insourcing the service would require a long term strategy with a goal to recruit from the local population but would take a number of years to set up and would require a working group to look at the long term viability of this service; a possibility would be to look at the Hackney SEND transport model (a combination of branded Hackney minibuses and private taxi firms) to be replicated in the field of social activity and domiciliary care support; i.e support workers employed by Hackney Council and specialist providers (such as adventure playgrounds) to run in tandem.

This is not an option that can be used at present due to the length of time that would be required to set this service up. It will be explored as an option for the new contract in 2025.

## **6. PROJECT PROGRESS**

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

The contract will have an option to extend for a period, or periods, of a maximum of a further twelve months. This is to coincide with the end of the Short Breaks Contract.

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

The budget allocated to this service per year is as follows:

Home Care - Spot Contracts - £1,308,500

Respite - Residential - £241,100

The whole life cost of the service over the 4 year maximum life of the contract, until 2025 will be £6,198,400.

This service will obtain support from specialist providers and domiciliary care agencies and there will be no maintenance, equipment or operating costs.

### **6.3. SAVINGS**

No savings have been identified through this procurement. However, with access to a wider range of providers this will increase the options to achieve best value for money. However, the framework will reduce the need to set

providers up under a spot purchase agreement and will ensure that all providers are part of the framework terms and conditions.

## **7. SUSTAINABILITY ISSUES**

### **7.1. Procuring Green**

The environmental impact of delivering this service will be very low. The majority of travel will be via walking, cycling or public transport. Car use will be very limited except in circumstances where specialist equipment is required to support the child (i.e. motorised wheelchair.) Where private vehicles are used this will be by the children's parents to attend schemes at a central venue; but this will be for the children with significant needs (such as cerebral palsy, spastic quadriplegia, complex health needs, etc) for which walking or public transport is not an easily available option and this will affect a small cohort of the children.

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

The economic impact will be in line with Hackney's Community Strategy. The majority of the services will be delivered in Hackney and we encouraged bids from SME who employ their staff from the local area. There were successful bids from 8 local providers and the majority of the other bidders are from the region surrounding Hackney. All successful organisations will be encouraged to employ and promote their staff locally.

Under the social value element of the responses, the majority of providers have stated that they will provide apprenticeship opportunities, paid work placements and internships within Hackney.

This will support residents into sustainable employment and promote employment opportunity and will help residents to become better qualified and raise educational aspirations.

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

This is a specialist service for children and young people under 18 who have been diagnosed with a disability.

The service is designed to have a positive impact on children and young people with a disability.

The aim is to improve their outcomes, in turn allowing them to benefit from equality of opportunity and increasing their involvement and inclusion in society and mainstream services. This will reduce social inequality and allow communities to benefit from the contribution that disabled children and their



families can make harnessing their talent and fostering tolerance, diversity and difference.

Social Key Performance Indicators (KPI's) will not be required as the children who will be supported via this service will be very vulnerable and will have been assessed by the FAST unit before being allocated to a social worker within the Disabled Children Service.

It should be highlighted that the care home/social care industry is prone to elements of modern slavery as it is commonly a low skilled and low paid market. Hackney is committed to paying the London Living Wage (LLW) and providers will have to pay their employees the LLW if they wish to secure a position on the Framework Agreement. Once the Framework Agreement is up and running routine inspections will be carried to ensure staff are being paid the LLW and working in good conditions.

#### 7.4. **Equality Impact Assessment and Equality Issues:**

This service directly supports children and young people with a disability and families to receive support and services. However, more work needs to be done for those with complex and high needs, such as Autistic Spectrum Disorder (ASD), and this will be addressed in the specification.

Additionally, culturally sensitive provision and age appropriate provision will support the Short Breaks Service to reach out to hard to reach groups including the Charedi community and teenagers.

Ethnicity and age will be monitored with service providers, alongside types of disability to ensure that we are meeting our obligations to local families.

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

**Option 1 – DO NOTHING.** This would fail to meet our statutory obligation and would impact negatively on the well-being of the children and young people with a disability and their families. This would lead to a breakdown of families and an increase in the number of children being taken into care.

**Option 2 – IN-HOUSE:** Please see “Insourcing” below.

**Option 3 - CONTRACTED SERVICE ONLY.** This option would involve contracting with only a limited number of service providers for the three year period following a tender process. This option is not recommended as it would mean a restricted range of services for disabled children and young people and limited ability for the Council to tailor services or target particular needs and gaps.

**Option 4 – DIRECT PAYMENTS.** An alternative option would be to convert the support to Direct Payments. The number of children and young people using Direct Payment for DCS support is approximately 23% of all DCS

services delivered in Hackney. If all service users were to take Direct Payments, then there would be no need for a direct contractual link between DCS providers and the council. Therefore, a contract would not be required and no further arrangement would need to be in place.

## 9. TENDER EVALUATION

### 9.1. Evaluation:

9.1.1 The tender was made up of 4 Lots:

Lot 1A - Social Group Activities

Lot 1B - Social Outreach Activities (1:1 support)

Lot 2 - Domiciliary care support

Lot 3 - Overnight support

A provider could bid on any combination of Lots and was not restricted to a single Lot. The Tender Evaluation Team consisted of:

- Short Break Coordinator, Disabled Children Services
- Service Manager, Disabled Children Services
- Brokerage Officer, Disabled Children Services

9.1.2 To ensure a wide market search in compliance with Council Standing Orders and Procurement Legislation, a Contract Notice was published in Find a Tender on 21st March 2022.

9.1.3 The open procedure process was followed, tender documentation was issued and evaluated using the council's eProcurement system.

9.1.4 The tender evaluation team evaluated Bidders' ITT responses to identify the most economically advantageous tenders.

- The Evaluation Criteria and Weighting were as follows

<b>CRITERIA</b>	<b>% WEIGHTING</b>
<b>Quality</b>	<b>70%</b>
Person-Centred Planning	15%
Service Delivery	15%
Quality Assurance	15%
Service Objectives and Outcomes	15%
Social Value	10%
<b>Price</b>	<b>30%</b>

- There were 115 expressions of interest in the tender, 68 did not respond and did not leave a reason but 11 organisations gave reasons such as “Not related to our field of business” or “Unable to meet requirements”. 36 suppliers submitted a tender on time, 0 late submissions were received.
- Regardless of their price, to be considered for award of this contract bidders must achieve a qualitative evaluation score of no less than 50%.
- The list of suppliers who submitted a tender can be found at Exempt Appendix 1.
- A breakdown of the cost and quality scores can be found at Exempt Appendix 2.

9.2. **Recommendation:** The proposed organisation set up on the framework will support Hackney to meet its duty to support children and young people with disabilities and facilitate the implementation of a robust quality assurance framework to monitor the performance of providers across a variety of services. Due to the types of services required the tender was made up of 4 lots:

- Lot 1A - Social Group Activities
- Lot 1B - Social Outreach Activities (1:1 support)
- Lot 2 - Domiciliary care support
- Lot 3 - Overnight support

A provider could bid on any combination of Lots and was not restricted to a single Lot.

36 tenders were evaluated, 33 suppliers achieved a score of at least 50% on Quality. Suppliers 22, 26 and 35 scored less than 50% on quality so will be rejected. A list of the successful suppliers can be found at Exempt Appendix 1.

Suppliers 26 and 35 did not submit any costs for any of the Lots. Their scores are:

	Quality	Price	Total
Supplier 26	24%	0%	24%
Supplier 35	30%	0%	30%

It is proposed there will be 33 providers on the framework and under the framework there is no guarantee as to the volume of work to be undertaken or any work at all. The level of funding may decrease subject to needs assessment and reviews and the application of support plan pricing tools determined as appropriate by the local authority and the choice of the children and young people who use the service

The providers were selected based on the needs and objectives as identified in the Business Case and would increase the number of providers available to deliver the services set in the above Lots to the Disabled Children Service

which would mean that the DCS will have a more robust service to support children and young adults with a disability.

It is stated in the framework that all providers will ensure that their staff are paid the London Living Wage.

A list of the providers and the Lots they will support can be found at Exempt Appendix 2.

## **10. CONTRACT MANAGEMENT ARRANGEMENTS**

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

The service will be managed by the Short Break Manager supported by the Brokerage Officer and Finance Officer from the Disabled Children Services and overseen by the DCS Senior Management Team.

All support and activities will be coordinated by the Short Break Coordinator and agreed in advance for a specified time period at the Disabled Children's Resource Panel which will review a request following a Child and Family Assessment which is conducted by a social worker from the Disabled Children's Service. The Brokerage Officer and the social worker will discuss the allocation of the support with the family and the type of support available; based on the above Lots, and the family will decide on the organisation that they would like to use. Depending on the level and type of support required, the support can be delivered by multiple providers.

TUPE does not apply to this contract. As all the current providers will be part of the framework there will be no issues in relation to knowledge transfer.

All new providers will meet with the Short Break Manager prior to the start of any service and will be instructed on the delivery of service, monitoring report, invoicing and contract monitoring.

Contract monitoring meetings will be held at least once per quarter for existing providers, but for new providers the contract meetings will be monthly to support the contract in the early stages of delivery and ensure that there is ongoing communication between the council, the parent/carers and the provider. This will include quarterly review meetings, which will review service delivery and performance against required service levels and Key Performance Indicators.

There will also be ongoing monthly monitoring of the delivery of the service which will feed into the quarterly performance monitoring.

### **10.2. Key Performance Indicators:**

Person centred Outcomes KPI Targets	Monitoring
<ul style="list-style-type: none"> <li>● Improving the health and wellbeing of children and young people with a disability.</li> <li>● Building up independence.</li> <li>● Developing social and life skills.</li> <li>● Supporting disabled children/young people with a disability to do new things, have fun, make new friends and do things without parents/carers.</li> <li>● Strengthen the family’s ability to cope, reducing stress and preventing family breakdown.</li> </ul>	<ul style="list-style-type: none"> <li>● Annual social work reviews</li> <li>● Social worker assessment of the children's support (child's voice) <ul style="list-style-type: none"> <li>○ basic survey</li> </ul> </li> <li>● Quarterly provider contract monitoring meeting.</li> </ul>
<p><b>Service Delivery/Budget Monitoring</b></p> <ul style="list-style-type: none"> <li>● Ensuring agreed allocation delivered in a timely manner</li> <li>● Delivering support as per the agreed allocation and within agreed costs</li> <li>● Services delivered at the agreed rates.</li> </ul>	<ul style="list-style-type: none"> <li>● Monthly monitoring report.</li> <li>● Quarterly contract monitoring meeting.</li> </ul>

## 11. COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES

11.1. This report proposes the contract award of support services for children and young people with a disability via a Framework Agreement. The Framework Agreement seeks to commission providers to support young people’s leisure and personal care needs through four separate Lots. This report seeks approval for the award of a four year Framework Agreement. The allocated budget over the four years within the Disabled Children Services commissioning budget is £6.2m, and expenditure through the framework will be reviewed through regular budget monitoring meetings.

11.2. No savings have been identified through this procurement exercise. However, with access to a wider range of providers this will increase the

options to achieve value for money. The framework will reduce the need to commission providers under a spot purchase agreement and will ensure that all providers are part of the framework terms and conditions.

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

Not applicable.

## **13. COMMENTS OF THE DIRECTOR, LEGAL, DEMOCRATIC & ELECTORAL SERVICES**

- 13.1. Paragraph 2.7.7 of Contract Standing Orders states that, in respect of procurements with a risk assessment of “Medium Risk”, Cabinet Procurement and Insourcing Committee will determine the award of contracts above the value of £2m. The estimated maximum value of the contract in this Report is above £2m so therefore Cabinet Procurement and Insourcing Committee can agree the recommendation in this Report.
- 13.2. Details of the procurement process undertaken by officers are set out in this Report.

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

- 14.1 The proposed framework is valued at an estimated £6.2M which is above the relevant UK public procurement threshold (Social and Other Specific Services “light touch” regime). The Council’s Contract Standing Order 2.5.3 requires that the Award of a Medium risk contract of this value be approved by Cabinet Procurement and Insourcing Committee.
- 14.2 An Open competitive tender process has been carried out in compliance with Contract Standing Orders and the recommendation is to award to all providers meeting the required quality and value for money threshold assessed against the published criteria.
- 14.3 Call-off contracts will be awarded based on service user choice when presented with the details of all suitable provision to meet the individual needs of the child or young person. This is consistent with the Council’s duties under relevant legislation as described in the report.

## **APPENDICES**

**Exempt Appendix 1 - List of Suppliers**  
**Exempt Appendix 2 - Breakdown of Quality & Price Score**

**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.

**CONFIDENTIAL**

Exempt Appendices are confidential.

**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.

<b>Report Author</b>	Tony Connole 0208 356 6686 Short Break Manager <a href="mailto:tony.connole@hackney.gov.uk">tony.connole@hackney.gov.uk</a>
<b>Comments for and on behalf of the Group Director of Finance and Corporate Resources</b>	Mars Hoxha 0208 356 1532 Group Accountant <a href="mailto:mars.hoxha@hackney.gov.uk">mars.hoxha@hackney.gov.uk</a>
<b>Comments for and on behalf of the Director of Legal, Democratic &amp; Electoral Services</b>	Patrick Rodger 020 8356 6187 Senior Lawyer <a href="mailto:patrick.rodger@hackney.gov.uk">patrick.rodger@hackney.gov.uk</a>
<b>Comments of Procurement Category Lead</b>	Dawn Cafferty 0208 356 8697 Procurement Category Lead <a href="mailto:dawn.cafferty@hackney.gov.uk">dawn.cafferty@hackney.gov.uk</a>



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<p><b>LBH Britannia Phase 2b Sales Agent Procurement</b></p> <p><b>CONTRACT APPROVAL</b></p> <p><b>Key Decision No. FCR S113</b></p>	
<p><b>CPIC MEETING DATE (2022/2023)</b></p> <p>13 June 2022</p>	<p><b>CLASSIFICATION:</b></p> <p>Open with Exempt Appendices</p> <p><b>If exempt, the reason will be listed in the main body of this report.</b></p>
<p><b>WARD(S) AFFECTED</b></p> <p>Hoxton East and Shoreditch</p>	
<p><b>CABINET MEMBER</b></p> <p>Mayor Philip Glanville</p>	
<p><b>KEY DECISION</b></p> <p>Yes</p> <p><b>REASON</b></p> <p>Spending</p>	
<p><b>GROUP DIRECTOR</b></p> <p>Group Director, Finance and Corporate Resources</p>	

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

- 1.1. The Council's flagship Britannia project has already delivered a state-of-the-art new leisure centre, a brand new secondary school, and we are now setting out in this report how we will, in the next phase, build the promised genuinely affordable new Council homes for the local community.
- 1.2. Last summer the new Britannia Leisure Centre opened its doors, with hundreds of thousands of visitors already making use of the high-quality new facilities, alongside the new City of London Academy Shoreditch Park building providing a dedicated sixth form centre, top-of-the-range science laboratories and high-quality music and theatre facilities for 1,100 local pupils.
- 1.3. Our focus now is building the 81 genuinely affordable new homes promised through the Britannia masterplan, the majority of which will be Council homes for social rent, with the marketing and selling of outright sale homes helping fund both these and the wider facilities already benefiting Hackney residents. I am proud that this procurement process has delivered competition and new ideas, with the appointment outlined in the report leading to a partnership with a sales agent grounded in Hackney and what we want to achieve.
- 1.4. I'm proud that we're still directly delivering much-needed Council housing and social infrastructure for Hackney in-house, using every tool we have to overcome the challenges of more than a decade of austerity and the continued absence of sufficient external funding.

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

- 2.1. With Phase 1 of the Britannia masterplan now operational, the project's focus turns to the delivering the 81 affordable homes, and the private for sale income which is fundamental to the financial business case for the masterplan and recovering the upfront capital investment in the new school and Britannia Leisure Centre (BLC).
- 2.2. Following on from the latest update to Cabinet on 14 March 2022, a Business Case to Hackney Procurement Board (HPB) on 12 April 2022 set out the next steps in relation to procuring sales and marketing expertise to support the next phase of the Britannia Masterplan project.
- 2.3. These services are critical to securing the forecast sales values which are contained within the financial business case, requiring agents who are industry leaders, and able to understand and tap into both an international and domestic sales market.

- 2.4. Following approval of that Business Case and completion of the procurement via the Notting Hill Genesis Estate Agents' Framework, this report recommends the Contract Award of the Sales Agent services to Bidder E.
- 2.5. The Contract Award report for the Marketing and Branding Agent services also approved at HPB on 12 April 2022 will be brought to the July CPIC. Both of these agents will work hand in hand to deliver a cohesive sales and marketing strategy.

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

#### **3.1. Cabinet Procurement and Insourcing Committee is recommended to:**

- 3.1.1. **Award the contract for Sales Agent services for Britannia Phase 2b to Bidder E by way of a call off from the Notting Hill Genesis Estate Agents' Framework in line with the fee set out in Exempt Appendix A - Tender Evaluation Detail, and**
- 3.1.2. **Enter into a call off contract and any other ancillary legal documentation necessary relating thereto with Bidder E for the Services under such terms as shall be agreed by the Director of Legal, Democratic and Electoral Services, and authorise the Director of Legal, Democratic and Electoral Services to prepare, agree, settle and sign the necessary legal documentation to effect the proposals contained in this report.**

### **4. RELATED DECISIONS**

- 4.1. LBH Britannia Update and Next Steps (FCR S039) - 14 March 2022.
- 4.2. Procurement of Sales Agent Services and Marketing And Branding Agent Services for LBH Britannia Phase 2b - HPB And Medium Risk Business Case - 12 April 2022.

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

- 5.1 This report outlines the process which has been followed to select a preferred bidder for the provision of Sales Agent services for LBH Britannia Phase 2b during the Strategy, Pre-Sales and Sales Phase of the project's delivery.
  - 5.1.1 The role of Sales Agent for private for sale homes of this scale and nature is a commodity service from the market, with a number of well known agents available in the market, many of whom have provided similar services to LBH on previous projects.

- 5.1.2 As set out in the Business Case, the procurement for a Sales Agent was carried out using Lot 2 and Lot 3 suppliers on the Notting Hill Genesis Estate Agents' Framework. This accessed 10 suppliers who had already demonstrated the capabilities to carry out Sales Agent services for private sales.
- 5.1.3 This role will commence with a review and finalisation of the delivery phase Sales and Marketing Strategy, working with the Marketing and Branding Agent, and Development Manager to ensure a coordinated and appropriate response for the LBH Britannia Phase 2b project.
- 5.1.4 The engagement will then move into the Implementation Phase, in line with the agreed Implementation Plan and budget agreed during the Strategy Phase. This Implementation Phase will be split into the Pre-Sales Phase and the Sales Phase. A move to commence the Sales Phase of the project will be subject to Cabinet approval, as part of the Contract Award report for the selection of a Design and Build Contractor for the Phase 2b project. This is currently programmed for January 2023.
- 5.1.5 The expedient instruction of the Sales Agent is key to ensure that this Strategy and Pre-Sales work is completed in order to enable a Sales Launch at the earliest opportunity during the construction phase - this is of particular importance given the requirement to de-risk the development by way of off plan sales. The precise nature and timing of this launch will be subject to the agreed Sales & Marketing Strategy which is the first deliverable of this appointment.
- 5.1.6 As part of the Quality bid (10% of the 60% weighting), bidders were required to commit to specific outcomes in response to Hackney's Sustainable Procurement Strategy. The response and commitments of the recommended bidder are set out in paragraph 7 to this report.
- 5.1.7 In line with industry practice, the fee for Sales Agent Services is predominantly based on a sales commission (percentage) rather than up front Fixed Price costs. To enable flexibility in the commercial models of each bidder, and to pre-empt any additional services which may be called off in the future, each bidder was also asked to submit a schedule of rates. Commission rates were requested for both domestic and international sales, and assumptions clarified to ensure normalisation across each bidder.
- 5.1.8 As the final fee for the engagement will be subject to actual gross sales achieved, the award of contract is on the basis of any up front Fixed Fees tendered, an agreed Schedule of Rates, and a domestic and international sales commission percentage. An analysis of this by bidder is set out at Exempt Appendix A - Tender Evaluation Summary.

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

5.2.1 The services of a Sales Agent are required in order to deliver the outcomes of the Britannia Masterplan. As such a 'Do Nothing' option is not a viable option. The tender process provided a transparent and clear outcome, with high scoring bids from three of the six respondents. As such, there is no reason why the services should not progress to be awarded in line with this outcome.

## **6. PROJECT PROGRESS**

6.1. **Developments since the Business Case approval.** NONE

6.2. **Whole Life Costing/Budgets:** the contract fee for the Sales Agent is within the gross sales commission budget which was reported to Cabinet on 14 March 2022 and HPB on 12 April 2022. This is set out in Exempt Appendix B - Financial Implications. The majority of the fee will relate to the level of sales income secured on the scheme (including the final split between domestic and international sales) and may vary from the estimates provided.

6.3. **SAVINGS:** No cashable savings will be generated as the revenue stream is Capital Expenditure, with no repeatable revenue expenditure. Best value for money has been evidenced through the competitive tender processes.

## **7. SUSTAINABILITY ISSUES**

7.1. **Procuring Green** Each bidder set out their corporate commitment to 'going' Green and how this would specifically apply to their delivery of the Britannia engagement.

7.1.1. The recommended bidder set out a corporate commitment to be a net zero carbon business by 2030, backing this up with a 36% reduction already achieved since 2018. At a corporate level, their commitment to environmental management was demonstrated by their Environmental Management Systems ISO 4001 accreditation, and dedicated Corporate Social Responsibility Team to monitor progress in relation to net zero targets.

7.1.2. The recommended bidder set out the measures which they will include as part of their sales and marketing approach:

- Provision of virtual tours and engagement
- Electronic leaflets/branding instead of hard copy and/or use of recycled materials
- highlighting the green credentials of the development from a building's perspective

7.2. **Procuring for a Better Society** Each bidder set out their corporate commitment to being a good corporate citizen and how this would specifically apply to their delivery of the Britannia engagement.

7.2.1. The recommended bidder committed to continuously consider how, as a local team, they could deliver a positive impact on social, environmental and economic well-being through the project. The following Key Initiatives were highlighted:

- Employment Opportunities - a local core team; a corporate Apprenticeship programme, with the aspiration to have 15% of applicants from Hackney; 2-week work experience opportunities
- Training and Workshops, e.g. CV writing, mock interviews, social media profile assistance, IT software training
- Partnering with Schools within Hackney, e.g. deliver presentations on careers in the real estate industry/promote career routes and apprenticeships; partnering with local professionals - commitment to reach out to two initial schools
- Partnering with Local Businesses, e.g. interior design professionals
- Charity Donations - Confirmation on existing support to Hackney charities - commitment that a declared percentage of their fee will be donated to a local charity of choice (refer Appendix A - Tender Evaluation Summary).

7.3. **Procuring Fair Delivery** Each bidder set out their corporate commitment to Fair Delivery and how this would specifically apply to their delivery of the Britannia engagement.

7.3.1. The recommended bidder set out their commitment to Diversity and Inclusion. The following Key Initiatives were highlighted:

- An 11 stage Diversity & Inclusion (D&I) training programme
- A dedicated D&I group, with 6 sub groups (Age, Ethnicity, Disability, Gender, LGBTQ+, Socio-economic), each with committed objectives by 2023, e.g. to employ at least 100 apprentices across the UK with a 50:50 male to female ratio
- Diversity in the Supply Chain - to ensure they are compliant with the Equalities Act 2010
- Changing the Face of Property - industry leading property companies working together to increase D&I in the industry

7.3.2. The call off award for the Sales Agent will ensure that the following provisions are appropriately included in order to meet the Council's requirements:

- Bribery, Corruption and Gratuities
- Modern Slavery and Human trafficking
- London Living Wage for direct and indirect employees

7.4. **Equality Impact Assessment and Equality Issues:** No specific issues were identified.

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

8.1. The Business Case presented the Alternate Options which were considered to procure the services required for the project. This included:

- Option 1. The use of Hackney Sales - in house sales services.
- Option 2. Procurement via a Framework Agreement.
- Option 3. Procurement via a PCR (FTS) Open / Restricted Procedure tender process.

8.2. In the case of the Sales Agent services, Option 2 was recommended and approved. The Notting Hill Genesis Estate Agents' Framework offered an expedient route to access an appropriate list of pre qualified suppliers who were able to carry out the required industry standard commodity services. This then allowed the focus during the tender and evaluation phase to focus on the specific experience and approach which each supplier would bring to the Britannia project. This route has proved an expedient and successful route to access appropriate suppliers, with 6 tenders received, three of which scored more than 80% of the total marks available.

8.3. The Britannia project team has considered the use of Hackney Sales for the private for sale homes as well as the Shared Ownership homes. Hackney Sales is not currently set up to take on the risk profile associated with the quantum, absorption rates, and international sales strategy which would be required for Phase 2b (314 homes). In particular, this would present a risk profile which the team is not resourced to support, nor would they have the existing reputation and brand within the private for sale international and domestic markets to meet the basecase targets.

8.4. A focus on maximising sales values, and doing so through leveraging existing developed networks and client databases of potential clients looking for high end property sales in East London is a skillset which is best sourced through external partners who specialise in and have a reputation for this service. To deviate from this strategy would present a significant sales risk to the Council and would not be advisable as a viable alternative.



## 9. TENDER EVALUATION

9.1. **Evaluation:** All suppliers on Lot 2 and Lot 3 of the Notting Hill Genesis Estate Agents' Framework were invited to tender for the opportunity via Pro-Contract.

9.1.1. This includes the following potential suppliers:

<b>Lot 2 Suppliers – Private Sale:</b>
<ul style="list-style-type: none"><li>• Chesterton Global Limited</li><li>• Dexters London Limited</li><li>• Countrywide PLC (Trading as Hamptons International)</li><li>• Kinleigh Folkard &amp; Hayward Limited</li></ul>
<b>Lot 3 Suppliers – Shared Ownership and Private Sale:</b>
<ul style="list-style-type: none"><li>• Connells Limited</li><li>• Countrywide Estate Agents</li><li>• Jones Lang LaSalle Limited</li><li>• Knight Frank LLP</li><li>• Savills (UK) Limited</li><li>• Site Sales Marketing Limited</li></ul>

9.1.2. Bids were received from six bidders.

9.1.3. Evaluation Criteria. The bids were scored on a 60% quality to 40% cost basis. Quality bids were scored on a scale of 0 (wholly unsatisfactory) to 5 (Excellent), in line with a scoring mechanism set out in the ITT.

9.1.4. The Quality Questions were grouped under the following headings, and weightings applied accordingly:

Question Nr	Question Heading	Weighting (%)
1	Relevant Experience	10
2	Market Analysis & Insight	10
3	Tailoring the Sales & Marketing Strategy	5
4	Resources	10
5	Management & Communication	10
6	Response to Market Forces	5

Question Nr	Question Heading	Weighting (%)
7	Commitment to Sustainable Procurement Strategy Outcomes	10
<b>Total Quality Score</b>		<b>60</b>

9.1.5. Bidders were asked to provide the following Cost information:

- Fixed Price costs for each of the three Phases
- A Schedule of Rates applicable to all Phases
- Sales Commission for both International and Domestic sales, including any third party introducer assumptions

9.1.6. Sales Commission - In order to compare all cost bids on an equal footing, an estimated Sales Commission fee was calculated using a notional 50% domestic to 50% international sales split. Gross sales projections were taken from the March 22 Cabinet report, in order to calculate an estimated Sales Commission fee.

9.1.7. Schedule of Rates - a blank schedule of rates was provided to bidders for them to complete. The total of one day of each resource at all grades was then totalled, to give a Schedule of Rates score. Given that it is unlikely that this Schedule of Rates will be used in the future, this plays a minimal part in the overall Total Estimate Fee calculation.

9.1.8. Evaluation Team. The evaluation team scored the bids on the following basis:

Role	Name	Evaluation Areas
Phase 2b Project Director	Hayley Miller	All Cost and Quality
Development Project Manager & Residential Lead	Quentin Keeble	All Cost and Quality
Head of Sales & Marketing, Regeneration and Capital Delivery	Melodie Hampson	Quality (Q1, Q4 & Q5)
Britannia PMO	Justin Feltham	Cost and Quality (Q7)

9.1.9. Evaluation Scoring. The scoring for the bid was carried out on an individual basis, and then a unanimous score was agreed at a moderation meeting. Moderated scores were only agreed between evaluators who were scoring a particular question, and not across all evaluation team members. Prior to finalising individual scoring, clarification interviews were held with all bidders.

9.1.10. Following the moderation meeting, and a due diligence to check the cost scoring, the following Quality and Cost scores were confirmed and ranked. In the table below, green highlighted cells pull out the top scoring bid(s) for cost and quality; yellow the second highest scoring bid.

Bidder	Quality Score (out of 60)	Cost Score (out of 40)	Total Score (out of 100)	Rank
Bidder A	20	26.99	46.99	6
Bidder B	44	40.06	84.06	3
Bidder C	22	27.84	49.84	5
Bidder D	53	31.78	84.78	2
Bidder E	53	37.67	90.67	1
Bidder F	36	30.07	66.07	4

9.2. **Recommendation:** Following this outcome, it is recommended to award the contract to Bidder E, who came joint top on the Quality response and second on the Cost scoring. Further details are available at Exempt Appendix A - Tender Evaluation Summary.

## 10. CONTRACT MANAGEMENT ARRANGEMENTS

10.1. **Resources and Project Management (Roles and Responsibilities):** The Britannia Phase 2b project is led and project managed under the same governance arrangements and contracts which were put in place to support the development of the masterplan in 2017 and have progressed the design aspects of the Phase 2b residential project since Stage 0. This team is procured via Consultancy Agreements which are in place through the Local Education Partnership (LEP), which continue to ensure continuity of resource, and agreed call off rates and scope of services.

10.1.1. The Project Director is responsible to the Senior Responsible Officer (SRO), Group Director Finance & Corporate Resources, and the Britannia Board for the delivery of the project, supported during the procurement and delivery phase of the project by the following core team:

- Development Project Managers - London Home Quarters
- PMO Officer - LBH
- Procurement Category Lead and Coordinator - LBH

10.1.2. This core team is supported by the design team, who will engage with the sales and marketing team in relation to the final specification of the

residential buildings prior to design responsibility being handed over to the Design & Build contractor at award of contract (estimated January 2023). Key design team members include:

- Masterplan and Residential Architects - FCB Studios
- Multi-Disciplinary Engineers - Buro Happold
- Construction Advisors - Blue Sky Building

10.1.3. The Phase 2b project management team act as developer, and engage with Regeneration and Housing Services colleagues (who act in the role of client) for the affordable housing aspects of the delivery. This coordinated approach is carried out for all aspects of the project and whilst the Sales and Marketing Strategy of the Shared Ownership properties will be managed by Hackney Sales, and has different drivers to the private sales strategy, there will be the need to jointly consider the development of these strategies so that they appropriately read together. As such the project team will engage with Regeneration and Housing Services colleagues to develop a coordinated position that can be presented and recommended to the Board.

10.1.4. In order to ensure best practice in project delivery across the Council, and lessons learned between housing delivery teams, the Project Director will have fortnightly 221s with both the SRO and Strategic Director, Inclusive Economy, Regeneration and New Homes.

10.2. **Key Performance Indicators:** The Key Performance Indicators for the project will be delivery of the required outcomes at each Phase of the project. This is set out in headline as follows:

Main KPI Targets Set	Monitoring
<p>1. In the <b>Strategy Phase</b>, the overarching outcome is to:</p> <ul style="list-style-type: none"> <li>- Deliver a coordinated Sales and Marketing Strategy (backed up by a clear Brand Identity), together with a clear Implementation Plan and budget forecast which meets the financial business case needs of the project</li> <li>- Contribute to the successful approval of the Sales and Marketing Strategy by the Senior Responsible Officer (SRO) and Britannia Project Development Board</li> </ul>	<p>Fortnightly (initially), leading into weekly review meetings at project team level, feeding into routine Britannia Monitoring, i.e. monthly Steering Group and bi-monthly Board.</p>
<p>2. In the <b>Pre-Sales Phase</b>, the overarching outcome is to:</p>	

Main KPI Targets Set	Monitoring
<ul style="list-style-type: none"> <li>- Prepare the project in line with the Implementation Plan agreed as part of the Sales and Marketing Strategy</li> <li>- Ensure the project is in a position to launch successfully in readiness to deliver the targets set out in the Sales and Marketing Strategy</li> </ul>	
<p>3. In the <b>Sales Phase</b>, the overarching outcome is to:</p> <ul style="list-style-type: none"> <li>- Deliver the sales targets as set out in the Sales and Marketing Strategy</li> <li>- Execute the Marketing Strategy to support the delivery of the Sales and Marketing Strategy</li> <li>- Adapt the Sales and Marketing Strategy as required during the Sales Phase to ensure the delivery of capital receipts in line with, or in excess of, the financial business case</li> </ul>	<p>Go / No Go - via Cabinet</p> <p>Weekly sales reports/review meetings at project team level, feeding into routine Britannia Monitoring</p>
<p>4. <b>All Phases</b> - Performance against instructed Phase Fixed Price budgets, agreed Schedule of Rates, and commission arrangements</p>	<p>Monthly project Principals contract monitoring review meeting.</p>
<p>5. <b>All Phases</b> - Adherence and delivery of sustainable procurement commitments</p> <ul style="list-style-type: none"> <li>- Development and delivery of a Social Value Plan</li> <li>- Commitment to donate a declared percentage of fees to charity</li> </ul>	<p>Monthly project Principals contract monitoring review meeting.</p>

## 11. COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES

- 11.1. The fees for the Sales Agent's commission and costs set out in this report fall under the overall masterplan budget for Phase 2b. These budget assumptions were set out in the paper to the 14 March 2022 Cabinet and within the Business Case presented to Hackney Procurement Board.

- 11.2. Out of the 6 bidders, 4 submitted a commercial approach which was 100% based on Sales Commissions, i.e. there were no up front costs. Where up front costs were bid - to cover the Strategy and/or Pre Sales period, these were not substantive to the outcome of bid, nor the Total Estimated Fee.
- 11.3. From a budget perspective, the Britannia masterplan financial model assumes that 3.5% is taken off the gross sales values, to allow for sales, marketing and legal transaction costs. This is applied to all private sales, irrespective of whether these are sold domestically or internationally.
- 11.4. In practice, the cost of selling domestically compared to internationally differs. As such, the actual cost of sales will depend on the split of sales domestically and internationally. In order to normalise this split for cost evaluation purposes, Bidders were asked to confirm their sales commission for both domestic and overseas sales, based on a notional split of 50% in each arena (across the 314 private for sale homes in Phase 2b). Suppliers also clarified at interview whether this commission level would change if the split was different, say 75% domestic and 25% international. In most cases (including that of the preferred Bidder), this would not change.
- 11.5. All of the Bidders submitted a higher rate of commission for international sales compared to domestic sales. In addition, international sales are often dependent on a third party introducer market. Bidders clarified the additional percentage which would be applied to their fees should the client instruct any sales transactions which were reliant on such a third party. This fee uplift is standard practice with agents who operate in certain overseas markets where this is required.
- 11.6. The Total Estimated Fee submitted by Bidder E was the second lowest cost tender (scoring 38% out of a maximum of 40% available) and is within the budget allowance which is included within the Britannia masterplan financial model. A breakdown of the cost bid is included at Exempt Appendix A - Tender Evaluation Detail. The recommended Bidder's Total Estimated Fee is then compared to the project budget in Exempt Appendix B - Financial Implications.
- 11.7. Further due diligence on the 3.5% gross sales commission budget allowance will be carried out alongside the development of the Sales and Marketing Strategy. This will enable a more detailed estimate prior to the next presentation to Cabinet in January 2023. This estimate will take on board:
- An updated valuation on the gross income which will be delivered by the scheme (current day)
  - The likely split of Domestic to International Sales
  - An assumption in relation to the likely % of sales which will be accessed via the introducer market
  - A cost build up to cover all sales and marketing fees

- Revised construction programme and sales absorption rates (and thus finance implications)
- 11.8. As developer, one of the main financial risks to the delivery of the Britannia masterplan project is the risk of poor sales. The appointment of our Sales Agent for the delivery phase of the project is thus a key appointment. The weighting of the evaluation on a 60% quality and 40% cost is appropriate, and whilst the level of commission awarded as part of this bid is fixed, the ultimate success of the engagement will be to help the Council mitigate sales risk and optimise sales receipts to the Council.
- 11.9. It is noted that in the case of all Bidders, no claims for costs would be made should the Council cancel the engagement at any point prior to actual Sales being achieved.

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

- 12.1. The disposal of the private for sale units is zero-rated for VAT purposes.

## **13. COMMENTS OF THE DIRECTOR, LEGAL, DEMOCRATIC & ELECTORAL SERVICES**

- 13.1. Paragraph 2.7.7 of Contract Standing Orders states that, in respect of procurements with a risk assessment of "Medium Risk", Cabinet Procurement and Insourcing Committee will determine the award of contracts above the value of £2m. The estimated maximum value of the contract in this Report is above £2m so therefore Cabinet Procurement and Insourcing Committee can agree the recommendation in this Report.
- 13.2. Details of the procurement process undertaken by officers are set out in this report.

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

- 14.1. This report provides the Cabinet Procurement and Insourcing Committee with the outcome of the procurement exercise undertaken to secure a Sales Agent to sell the private for sale homes on Phase 2b of the Britannia development. Officers have deployed a selection approach which has ensured that the successful supplier will not only effectively deliver the core services, but will also work with the Council to deliver wider community benefits for the people of Hackney.
- 14.2. The proposed award is supported on the basis that the recommended Bidder has submitted the most economically advantageous tender services. As detailed in the report, Bidder E has also demonstrated a clear understanding of Council's commitment to the delivery of sustainability and social value outcomes, and submitted a proposal which meets the Council's expectations in this regard.

## APPENDICES

### EXEMPT

Exempt Appendix A - Tender Evaluation Summary

Exempt Appendix B - Financial Implications

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**

#### Description of document (or None)

None

<b>Report Author</b>	Justin Feltham - Tel: 0208 356 5792 LBH Britannia Phase 2b PMO <a href="mailto:Justin.Feltham@hackney.gov.uk">Justin.Feltham@hackney.gov.uk</a>
<b>Comments for and on behalf of the Group Director of Finance and Corporate Resources</b>	Jackie Moylan - Tel: 0208 356 3032 Director, Financial Management <a href="mailto:Jackie.Moylan@hackney.gov.uk">Jackie.Moylan@hackney.gov.uk</a>
<b>Comments for and on behalf of the Director of Legal, Democratic &amp; Electoral Services</b>	Patrick Rodger - Tel: 020 8356 6187 Senior Lawyer <a href="mailto:patrick.rodger@hackney.gov.uk">patrick.rodger@hackney.gov.uk</a>
<b>Comments of Procurement Category Lead</b>	Dawn Cafferty - Tel: 020 8356 8697 Category Lead, Social Care & Corporate Services <a href="mailto:dawn.cafferty@hackney.gov.uk">dawn.cafferty@hackney.gov.uk</a>







<p><b>Adult &amp; Community Learning Framework 2022-26 (CPIC Contract Award Report)</b></p> <p><b>CONTRACT APPROVAL</b></p> <p><b>Key Decision No.AHI S108</b></p>	
<p><b>CPIC MEETING DATE (2022/23) - 13 June 2022</b></p>	<p><b>CLASSIFICATION:</b> Open with exempt appendix</p> <p><b>If exempt, the reason will be listed in the main body of this report.</b></p>
<p><b>WARD(S) AFFECTED</b></p> <p>All Wards</p>	
<p><b>CABINET MEMBER</b></p> <p><b>Cllr Carole Williams</b> <b>Employment, Skills and Human Resources</b></p>	
<p><b>KEY DECISION</b></p> <p>Yes</p> <p><b>REASON</b></p> <p>Affects two or more wards</p>	
<p><b>GROUP DIRECTOR</b></p> <p><b>Stephen Haynes, Strategic Director Inclusive Economy, Regeneration and New Homes</b></p>	

## 1. CABINET MEMBER'S INTRODUCTION

- 1.1. Over the past 2 years, the Coronavirus pandemic has had a devastating impact on Hackney communities, businesses and voluntary sectors. It has brought more inequalities, increased poverty and unemployment, and the residents continue to be impacted.
- 1.2. The Council has adopted a focus on inclusive economic growth, specifically seeking to ensure the Council's range of policy levers and resources are fully utilised to ensure economic growth in the borough benefits local residents, particularly the most disadvantaged. This approach has been brought together in the form of the Inclusive Economy Strategy. The devolution of the Adult Education Budget (AEB) in 2019–20 has created an opportunity for the Central London sub-region to build a better skills system for its residents around the changing needs of the capital's labour market.
- 1.3. The recently published Working in Hackney Scrutiny Commission Review into the Future World of Work and Skills in Hackney contains three headline recommendations relating to Skills Devolution and Adult Learning:
  - The Commission recommends that the Council looks at developing measurable outcomes for the journey of residents going through Adult Learning, the Hackney Works programme and the Council's apprenticeship scheme and reports back on the measurements put in place.
  - The Commission would like the Council to explore the possibility of better aligning the adult community learning provision to its employment support service to provide a seamless service covering learning, training and employment support.
  - The Commission suggests the Council's employment and skills service adopts an employability skills framework that supports people in and out of work to prepare and develop transferable skills for future job roles.

These recommendations are being progressed by means of a strategic Adult Learning framework. This includes a local evidence base to inform decision making when developing a lifelong learning offer that is at the heart of local recovery from the pandemic and is fully aligned to the Inclusive Economy Strategy by providing routes into good quality jobs; and an outcomes framework is in place to ensure the impact of skills training is effectively monitored.

- 1.4. The borough has a diverse population of mixed culture which continuously expects high quality services from the Council and its Contractors. The Council provides adult and community learning through the Hackney Council's Adult Learning Service (ALS); and it is responsible for the education offered to Hackney residents aged 19 and over.

- 1.5. Since September 2020, the Council's Adult Learning Service has been integrated with the Council's wider Employment & Skills service. Previously, Adult Learning was part of the Hackney Learning Trust. The integration has provided opportunities for greater alignment with wider employment support and employment pathways programmes including joint planning in order to provide relevant training to those who have recently become unemployed and to respond to emerging recruitment needs in specific sectors.
- 1.6. Adult Learning Services (ALS) is contracted by the Greater London Authority (GLA) and funded through the Adult Education Budget to deliver adult and family learning in Hackney. Funding is for 2,000 learning places for individuals from deprived communities, to engage and support them in taking their first steps towards community involvement, personal development, informal and formal learning. This funding is ring-fenced by the GLA to work with certain target groups, as outlined in this report. The Adult Learning Service delivers provision of a high standard as evidenced by the recent Ofsted report of their inspection carried out in March 2018 which graded the service as Good. Moving to an Adult Learning Framework will put the service on the right footing to deliver an excellent adult learning offer.
- 1.7. ALS works with residents furthest from the labour market and in so doing supports their progress into employment and further education. Learners are assessed and referred between partnerships to ensure appropriate placement according to need, level and interest. The service is a bridge between engagement and employment programmes, preparing learners with no or low levels of English or qualifications to take their first steps in further learning, training or employment. Programme delivery is linked to the other Employment and Skills teams for referrals into employment or progression to higher levels of training.
- 1.8. In line with Hackney's Inclusive Economy Strategy, course delivery is mapped to reach areas of highest deprivation in the borough; and through in-house provision (Direct Teach), commissioned providers and other local partnerships, engage learners who face multiple barriers and effectively supports them to achieve educational goals. Increasing access to Information, Advice and Guidance (IAG) and training for residents is a key priority which is being addressed by a No Wrong Door approach and by the range of venues across the borough where courses are delivered, including Libraries, community halls and children's centres. Curriculum managers offer guidance and support to learning providers, enabling them to meet strict quality standards and contractual requirements, through regular monitoring, training and development.
- 1.9. Strategically, ALS service delivery is aligned to local priorities and the national curriculum framework in order to meet funding and Ofsted requirements. Hackney's local priorities are focused on helping residents into work by supporting them to improve qualifications and skills. This involves: working with residents to develop their employability skills, including basic skills such

as language, literacy and numeracy; creating better links between residents and available employment opportunities; helping residents overcome their barriers via personal development (confidence and communication skills for example), vocational skills, job matching and support once in work. The GLA adult education budget funding increased the emphasis on the Mayor of London's Skills for Londoners Strategy (June 2018) namely key priority one: Empower all Londoners to access the education and skills to participate in society and progress in education and work.

- 1.10. A key priority for the Adult Learning Service is to ensure delivery of programmes that will meet current and future skills gaps including those required for the growing green economy, and the technology and social care sectors. Ensuring that residents gain the digital skills they need to access services and to progress towards good quality employment continues to be central to the Adult Learning digital inclusion agenda.
- 1.11. The work of the ALS helps address educational and health inequalities by mapping its provision to areas of high deprivation and targeting adults aged 19+ especially those with multiple support needs. The team will ensure that there is a good geographical spread of services matched to local needs as identified in key documents such as the Hackney Sustainable Community Strategy.

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

- 2.1. This report details the outcome of the recent procurement for Adult Community Learning provision and seeks authority to award a framework agreement of approved adult learning training providers.
- 2.2. The objective is for the Council to award a multi-supplier two year framework agreement (with the option of two annual extensions thereafter) to the successful providers listed in Exempt Appendix 1.
- 2.3. The framework will provide a wide range of adult learning opportunities across the borough in line with the funding body's guidelines and that will support Hackney Learning Trust's service delivery model for education. It will also support wider Council objectives for the reduction of unemployment, reduced poverty and the provision of community engagement activities.
- 2.4. The Adult Learning Service has an annual target of 2,000 learning places to be provided across an OFSTED inspected curriculum structured programme and the service is grant funded through the GLA Adult Education Budget (AEB).
- 2.5. As this is a framework arrangement the contracts awarded do not guarantee that learning programmes will be funded for any of the providers. Providers will be commissioned for one academic year period throughout the duration of this agreement, with awards for successive years dependent on the outcomes

produced and available budget. This will allow the Adult Learning Service to review provision and ensure that the learning programmes delivered correspond to the assessment of need, reflect user feedback, and are based on the delivery of stated outcomes.

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

**Cabinet Procurement and Insourcing Committee is recommended to:**

- 3.1 Approve the award of contracts to the 22 Suppliers listed in Exempt Appendix 1 for the supply of Adult and Community Learning provision under a two year (+1+1) framework agreement from 2022-2026. The estimated value of this is £500,000 in year one and following years.**
- 3.2 Note that call-off from the framework agreement will be made on an annual basis with the allocation based on service, performance, location and available budget, and delegate award of these call-off contracts to the Strategic Director Inclusive Economy, Regeneration and New Homes.**

### **4. RELATED DECISIONS**

In January 2022 Hackney Procurement Board approved the Business Case for the procurement of the Adult & Community Learning framework.

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

- 5.1 The objective is to establish a Framework Agreement for assured community providers to deliver or host a range of Adult & Community Learning accredited and non-accredited courses for a 4 year period commencing September 2022 to July 2026. This includes Family Learning, ESOL, Maths, English, ICT and vocational courses. The newly contracted providers will be utilised to continue with the Council's commitment to deliver services to communities that are currently under represented.**
- 5.2 The Adult Learning Service has an annual target of 2,000 learning places to be provided across an OFSTED inspected curriculum structured programme and the service is grant funded by the Greater London Authority (GLA) as part of the national government strategy for adult learning provision. This also links into Hackney Council strategies such as the **Single Equalities Framework** priorities 1 to 3, namely :supporting residents' access to sustainable employment, improving their qualifications and wellbeing. Adult education also reduces economic inequalities which is identified as a key barrier to community cohesion in **Hackney Sustainable Community Strategy** (2008-2018). Having a wide range of programmes generally enables the Adult Learning Services to promote the vision of **Hackney a Place for Everyone Campaign**. For example, ESOL empowers people from different backgrounds to integrate in society, Family Learning programmes promote parental engagement in learning and employability programmes contribute to breaking the cycle of isolation and create links into local employment especially for**

residents who are semi-skilled or on low income. The Adult Learning Service has a strong track record of contributing to these strategies including the Mayor of Hackney priorities and his manifesto commitment of delivering access to quality training

- 5.3 Following AEB devolution in 2019/20, the Skills for Londoners' Strategy was launched to increase the number and diversity of adult learners in London gaining the skills to participate in society and progress into further/higher level learning, training and employment. As such, many of the proposed changes in this Framework will be better delivered by engagement with contracted providers.
- 5.4 The report is being placed before CPIC because the anticipated annual value of the subcontracted ALS provision, across the range of approved providers on the framework, is in the region of £500,000 per annum. There is a potential spend of £2,000,000 over a four year period.
- 5.5 The establishment of a framework of approved providers will ensure that the range of learning programmes for the target learners prescribed by the GLA can be delivered.

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

##### 5.6.1 Adult Community Learning delivered by external providers:

Advantages:

- Less costly on staffing due to reduced back office staffing.
- They have the required capacity.
- They have the required specialisms that are not available in-house.
- Local training providers take ownership for the improvement of education for their communities.
- Building partnerships with local community organisations.
- Providers lift the travel to learn barrier as their training venues are close to the learners' residence.

Disadvantages:

- High turnover of teachers makes the provision of services by external providers a potential risk.
- A provider's unexpected financial problems could have an impact on service provision.

##### 5.6.2 Adult Community Learning directly delivered by a team of teachers employed by the Council

Advantages:

- Flexibility in plugging geographic and curriculum gaps.
- Better control of delivery leading to the sustainability of good standards.
- Retaining highly trained staff under one roof.

Disadvantages:

- Lack capacity to deliver all of the training programmes in-house.
- Lack specialisms and training venues to deliver all training in-house.
- Reduced capacity to build small organisations and new community groups.
- It requires a large increase in the number of Council employees and back office staff which is more costly.

#### 5.6.3 Outsource to a company to manage all training

Advantages:

- Less costly (staffing, resources etc.)

Disadvantages:

- Lack of control over training quality and standards.
- Learners are disadvantaged if providers hold waiting lists to retain funding, rather than referring learners to alternative providers.
- Providers aren't incentivised to seek hard to reach groups in the community.
- More of an FE focus which denies our community learners the opportunities they require.

#### 5.6.4 Partnership with other boroughs

Advantages:

- Potential cost savings.
- Sharing of resources including training venues, equipment and expertise.

Disadvantages:

- One borough is the stronger partner and fails to meet the needs of the other borough which has significant political implications.
- Lack of ownership and control and less accountability.

## **6. PROJECT PROGRESS**

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

There have been no changes since the Business Case was written.

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

ALS proposes to establish a framework for a 4 year term subject to availability of funds and provider performance. Services will be commissioned annually to ensure commissioned programmes are compliant to adult skills budget funding rules and are aligned to the strategies for 'Skills for London' agenda and London Borough of Hackney's commitments and priorities, mitigate financial and quality risks and ensure flexibility to adjust to emerging/changing local needs of the borough of Hackney. The arrangement will also establish providers that have the capability and capacity to meet Council's requirements and will reduce the resource and admin burden on the supply base having to



complete lengthy applications each year. The budget for the delivery of commissioned learning programmes is approximately £500,000 per annum.

This is part of the GLA grant funding for Hackney's Adult Community Learning programmes and is expected to remain the same in 2022-23 at around £2,345,866. This is for the 2021-22 academic year being 01 August 2021 to 31 July 2022.

### 6.3. **SAVINGS**

No cashable savings will be realised. The grant allocation will be fully utilised on the funding of learners.

In terms of non-cashable savings, there has always been a strong focus on value for money in the commissioning of adult community learning programmes, especially in relation to maintaining learner numbers at previous year levels. We intend to consistently align costs to national standards (e.g. accreditation & inflation).

Other anticipated benefits include:

- Engagement and progression of targeted individuals and groups
- Decrease in numbers of population registering 'no qualifications'
- Improved English language, literacy, numeracy and ICT.
- Community involvement and improved well being
- Increased numbers on pathways to higher education and employment
- Addressing cycle of poverty
- Increasing access to employment by signposting learners to 'Hackney Works' – the Council's free employment support service.

## 7. **SUSTAINABILITY ISSUES**

### 7.1. **Procuring Green**

Use of recycled materials, public transport and accessible learning venues will be required in the specification.

The Adult Learning Service operates its own sustainability strategy and promotes the development of supplier owned sustainability policy and programmes and will assist any small group and community organisations in the borough to develop a policy for use.

We issue providers with our sustainability policy as part of their handbook which contains guidance on environmental issues and how providers can take action to reduce their carbon footprint and harm to the environment.

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

This procurement will have a positive impact on the local community by providing supported education opportunities, assisting re-engagement, enhancing the current low base of qualifications and skills and in turn

addressing the wider need to reduce poverty. The final outcomes at the end of the contracted service delivery may be measured in terms of achievements, qualifications and skills obtained and progression surveys onto FE or employment.

All learning offered and taken up is monitored against these socio-economic groups. There will be strategies to address any particular gaps identified to ensure wider policy requirements for Education and Hackney Council are met.

Furthermore, the commissioning process is open, inclusive and supported to assist small groups and community organisations. Our programmes offer support to capacity build small providers new to delivering education programmes.

Additionally, changes to procurement regulations place greater responsibility upon Local Authorities to make contracts less bureaucratic, improve the pace of seeking new opportunities, encourage SME's to apply and to adopt electronic communication and therefore, easier access to documentation. The framework helps the Council to fulfil these obligations.

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

This procurement will have a positive impact on the local community by providing supported education opportunities, assisting re-engagement, enhancing the current low base of qualifications and skills and in turn addressing the wider need to reduce poverty. The final outcomes at the end of the contracted service delivery may be measured in terms of achievements, qualifications and skills obtained and progression surveys onto FE or employment.

All learning offered and taken up is monitored against these socio-economic groups. There will be strategies to address any particular gaps identified to ensure wider policy requirements for Education and Hackney Council are met.

### **7.4. Equality Impact Assessment and Equality Issues:**

The procurement will have a positive equalities impact as the Adult Learning Service actively targets under-represented and marginalised groups in the community, including:

- residents with multiple support needs who live in Lower Super Output Areas of Hackney;
- adults furthest away from work due to low or no qualifications and with basic skills needs and who need work experience as they return to work;
- adults who are semi-skilled or on low income including the 'working poor'
- adults for whom English is a second language;
- adults aged 60 plus and those socially isolated or at risk of becoming so;

- migrant residents who are supported through the Supporting Migrants to Access Local Services programme;
- mental health service users, and adults with disabilities and/or learning difficulties, adults living with neurodiverse conditions;
- adults from ethnic minorities with particular emphasis on:
  - (i) adults from Turkish, Kurdish and Cypriot communities;
  - (ii) migrants, refugees & asylum seekers;
  - (iii) Orthodox Jews
  - (iv) African Caribbean communities

The commissioning process is open, inclusive and supported to assist small groups and community organisations. In addition, our ongoing discrete programmes offer support to capacity build small providers new to delivering education programmes. Additionally, changes to procurement regulations place greater responsibility upon Local Authorities to make contracts less bureaucratic, improve the pace of seeking new opportunities, encourage SMEs to apply and to adopt electronic communication and therefore, easier access to documentation. The Framework will help the Council to fulfil these obligations.

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

## **9. TENDER EVALUATION**

### **9.1. Evaluation:**

9.2. **Evaluation Panel:** The tender evaluation panel comprised of the personnel below, with oversight from the Hackney Procurement Managers:

Head of Quality & Curriculum , ESAL
Commissioning & Performance Manager, ESAL
Curriculum Lead ESOL, Family and Community Learning, ESAL
Curriculum Lead Vocational & Functional Skills Learning, ESAL
Grant Processes & Systems Manager, ESAL

9.3. The proposed framework is valued up to £2,000,000 which is above the relevant UK public procurement threshold (Social and Other Specific Services “light touch” regime) therefore in compliance with the Public Contracts Regulations 2015 and in order to achieve best value a notice of the contract was published on the government’s Find a Tender service (former OJEU).

9.4. **Evaluation Criteria:**

9.5. Bidders were required to complete an Selection Questionnaire (SQ) and respond to the Invitation to Tender (ITT). In addition to the standard SQ questions potential bidders were asked to respond to additional project specific questions which were marked on a Pass/Fail basis. The additional SQ questions covered: Teaching Staff Qualifications, London Living Wage, Awarding Body for Accredited Courses, Safeguarding Policy, and Disclosure and Barring Service. All bidders have passed all of the SQ questions.

9.6. The evaluation of the ITT submissions was based on the following criteria:

	<b>Question</b>	<b>Points Range</b>	<b>Weighting</b>
	<b>1. Delivery Model</b>		
1(a)	Location of Potential Provision, Pedagogical approach	0 - 5	10%
1(b)	Case study for each curriculum area you are bidding to deliver	0 - 5	10%
	<b>2. Meeting Priorities</b>		
2	Meeting priorities of Hackney Council, groups and communities, needs of key sectors/ future employment	0 - 5	10%
	<b>3. Project Management</b>		
3	Project Management, Governance, Quality Assurance	0 - 5	10%
	<b>4. Business Continuity</b>		
4	Business continuity / contingency planning ( flexibility and innovative method)	0 – 5	10%
5	<b>5. Monitoring Progress</b>		
5 (a)	Performance & Monitoring	0 – 5	5%
5(b)	Learner Progression & Pathways to Employment Skills	0 – 5	5%
6	<b>6. Partnership Working</b>		
6	Partnership working and stakeholder engagement	0 – 5	10%
7	<b>7. Support</b>		
7	Support for learners with Learning Difficulties & Disabilities (LDD)	0 – 5	5%
8	<b>8. Safeguarding Policies &amp; Procedures</b>		
8	Safeguarding, risk assessment	0 – 5	5%
9	<b>9. Sustainability</b>		
9 (a)	Local Employment and Training Opportunities	0 – 5	5%

9 (b)	Environmental Management	0 – 5	5%
10	<b>10. Financial Management (10%)</b>		
10	Course cost calculation methodology and delivering value for money	0 – 5	10%
	<b>Total</b>		<b>100%</b>

9.6 The Council did not assess cost of courses at tender stage, but will seek a fully costed and transparent contract price through each mini-competition process during the operation of the framework. This was due to various factors, such as the difference in cost for accredited and non-accredited courses and will be determined by guided learning hours and which curriculum lot (area) the suppliers will be bidding for. Question 10 in the tender stage identified suppliers' understanding of course costs and delivering value for money. This established that the provider understood learning aims and how they could identify the maximum funding available to them to deliver the course they required based on the online learning aim reference service (LARS). This is used to identify the qualification, funding body, guided learning hours and funding available. It is important for providers to have shown that they have the knowledge and understanding of the Adult Education Budget (AEB) formula and their associated costs which are based on AEB funding details. Funding allocation is higher for functional skills courses, such as English and Maths in comparison to other lots. This information will be requested in the mini-competition stage for suppliers to submit a Pricing Schedule and Delivery Profile sheet for a specific service based on the course list which will be made available to them for each lot.

9.7 In response to the tender advert, the Council received 36 bid submissions. All of the responses were assessed individually by the Evaluation Panel, followed by a moderation meeting facilitated by the Procurement Team where the final moderated scores were agreed. In order to ensure that the successful bidders met the minimum quality standards, any bidder whose score includes two or more answers that were awarded a score of 2 or less, or any awarded a score of 0, were deemed to have failed minimum quality standards and are deselected from the tender process. Out of the 36 bids received, 14 bidders failed to meet the minimum quality threshold and were therefore unsuccessful in being appointed to the framework. The remaining 22 successful bids achieved the following ITT quality scores and are recommended to be appointed onto the Adult & Community Learning Framework 2022-2026. (The below table inclusive of the supplier names is provided in the exempt Appendix 1 attached to this report).

<b>ITT SCORES SUMMARY</b>			
<b>BIDDER NO.</b>	<b>QUALITY SCORE (100%)</b>	<b>RANK</b>	<b>Pass/Fail (minimum quality threshold)</b>
1	73	1	Pass
2	72	2	Pass
3	71	3	Pass
4	66	4	Pass
5	64	5	Pass
6	62	6	Pass
7	62	6	Pass
8	62	6	Pass
9	62	6	Pass
10	60	7	Pass
11	60	7	Pass
12	60	7	Pass
13	60	7	Pass
14	60	7	Pass
15	60	7	Pass
16	60	7	Pass
17	60	7	Pass
18	60	7	Pass
19	60	7	Pass
20	58	8	Pass
21	58	8	Pass
22	58	8	Pass
23	57	9	Fail
24	56	10	Fail
25	56	10	Fail
26	54	11	Fail
27	53	12	Fail
28	52	13	Fail
29	51	14	Fail
30	49	15	Fail
31	44	16	Fail
32	41	17	Fail
33	39	18	Fail
34	23	19	Fail
35	0	20	Fail
36	0	20	Fail

9.8 It is recommended that the Cabinet Procurement and Insourcing Committee approves the award of the Adult & Community Learning Framework contract to the 22 providers listed in exempt Appendix 1 for a period of 4 years from September 2022 to July 2026.

## **10. CONTRACT MANAGEMENT ARRANGEMENTS**

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

The contract with the GLA will continue to be managed by the Head of Employment Skills and Adult Learning Service. Contracts with the training providers will also be managed by the Head of Service along with the Commissioning and Performance Manager. Day to day reporting of activity, performance and risk will be discussed at the monthly Senior Managers' meeting.

Officers of the service that attend senior management meetings are drawn from Senior Management, Finance, Management Information System, & Quality Assurance. Minutes documenting decisions and discussion are produced and are available to view by all staff.

Unannounced quality assurance and contract performance monitoring visits will take place to mitigate potential risks.

### **10.2. Key Performance Indicators:**

The current Ofsted framework for inspecting Further Education and skills will be used to measure the quality of teaching, learning and attainment.

The Adult Learning Service actively targets a wide range of Hackney disadvantaged groups. These groups include:

- unemployed adults, both long & short term;
- adults with low or no qualifications and basic skills needs;
- adults for whom English is a second language;
- adults aged 50 plus;
- adults with disabilities and/or learning difficulties;
- adults from ethnic minorities with particular emphasis on:
  - (i) adults from Turkish & Kurdish communities;
  - (ii) refugees & asylum seekers;
  - (iii) Charedi Jews
  - (iv) African Caribbean communities

To ensure these and other targets are achieved a set of Key Performance Indicators linked to performance and quality are included in all contracts. They can be summarised as follows;

- Achievement: A minimum of 85% of the Learners on accredited courses and 95% of the learners on non-accredited courses attaining an achievement.
- Attendance: A minimum of 90% of the Learners reaching an attendance rate

- Retention: A minimum of 90% of the Learners completing the Course.
- Recruitment: 100% of places available on the course which are filled at the beginning of that course.

<b>Main KPI Targets Set</b>	<b>Monitoring</b>
1. Recruitment	100%
2. Retention	90%
3. Attendance	90%
4. Punctuality	90%
5. Completion	90%(accredited) 98% (non-accredited)
6. Achievement	86% (accredited) 96% (non-accredited)

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

- 11.1. The Adult Learning Service in Hackney is funded by the Greater London Authority (GLA) through the Adult Education Budget (AEB) grant. The grant funding for Hackney’s Adult Community Learning programmes is expected to remain at 2021/22 levels for 2022/23 at £2.3m.
- 11.2. There is a budget allocated from the grant funding to fund the contract awards under the framework agreement. As part of the contract agreement there is an annual award process which builds in flexibility to change the services to reflect available funding.

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

Not used

## **13. COMMENTS OF THE DIRECTOR, LEGAL, DEMOCRATIC & ELECTORAL SERVICES**

- 13.1. Paragraph 2.7.7 of Contract Standing Orders states that, in respect of procurements with a risk assessment of “Medium Risk”, Cabinet Procurement and Insourcing Committee will determine the award of contracts above the value of £2m. The estimated maximum value of the contract in this Report is above £2m so therefore Cabinet Procurement and Insourcing Committee can agree the recommendation in this Report.
- 13.2. Details of the procurement process undertaken by officers are set out in this Report. The proposed framework agreement awards to 22 bidders following a procurement process in respect of services which are classified as Social and other Specific Services under Schedule 3 of the Public Contracts Regulations 2015.



13.3. Paragraph 2.2 ii) of the Cabinet Procedure Rules states that “If the Elected Mayor delegates functions to a Committee of the Cabinet, unless they direct otherwise, the Committee may delegate further to an officer”. Cabinet Procurement and Insourcing Committee, as a committee of the Cabinet, is therefore permitted to delegate to the Strategic Director Inclusive Economy, Regeneration and New Homes the decision to agree to the award of call-off contracts from the framework agreements awarded in this Report.

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

14.1 The proposed framework is valued at an estimated £2M which is above the relevant UK public procurement threshold (Social and Other Specific Services “light touch” regime). The Council’s Contract Standing Order 2.5.3 requires that the Award of a Medium risk contract of this value be approved by Cabinet Procurement and Insourcing Committee.

14.2 An Open competitive tender process has been carried out in compliance with Contract Standing Orders and the recommendation is to award to all providers meeting the required quality standards assessed against the published criteria. Value for money of call-off contracts will be secured through the mini-competition process, supported by the Central Procurement Team.

14.3 Relevant KPIs and performance measures are proposed including a number aligned to strategic and corporate targets and sustainable procurement objectives.

## APPENDICES

Exempt:

Appendix 1 - (containing: List of Bidders names and ITT quality scores)

### 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**

#### Description of document (or None)

Open:

*Business Case for retendering of the Adult & Community Learning Framework 2022-26 (approved by Hackney Procurement Board on 11th January 2022)*

<b>Report Author</b>	Farida Mumin, Grant Processes and Systems Manager Tel: (020) 8356 2652 Email: <a href="mailto:farida.mumin@hackney.gov.uk">farida.mumin@hackney.gov.uk</a>
<b>Comments for and on behalf of the Group Director of Finance and Corporate Resources</b>	Deirdre Worrell, Director of Finance, Climate Homes and Economy Tel: (020) 8356 7350 Email: <a href="mailto:deirdre.worrell@hackney.gov.uk">deirdre.worrell@hackney.gov.uk</a>
<b>Comments for and on behalf of the Director of Legal, Democratic &amp; Electoral Services</b>	Patrick Rodger, (Senior Lawyer) Legal Services Tel: (020) 8356 6187 Email: <a href="mailto:patrick.rodger@hackney.gov.uk">patrick.rodger@hackney.gov.uk</a>
<b>Comments of Procurement Category Lead</b>	Dawn Cafferty, Procurement Category Lead - Social Care & Corporate Services Tel: (020) 8356 8697 Email: <a href="mailto:dawn.cafferty@hackney.gov.uk">dawn.cafferty@hackney.gov.uk</a>

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<p><b>TITLE OF REPORT</b> Communal Electrical Supply Contact Award</p> <p><b>CONTRACT APPROVAL</b></p> <p><b>Key Decision No.</b> DN574031</p>	
<p><b>CABINET PROCUREMENT AND INSOURCING COMMITTEE MEETING DATE (2021/22)</b></p> <p>13 June 2022</p>	<p><b>CLASSIFICATION:</b></p> <p>Choose out of the following 3 options:-</p> <p>Open with exempt appendices A &amp; B</p> <p><b>If exempt, the reason will be listed in the main body of this report.</b></p>
<p><b>WARD(S) AFFECTED</b></p> <p>All Wards</p>	
<p><b>CABINET MEMBER</b></p> <p>Cllr McKenzie - Lead Member for Housing</p>	
<p><b>KEY DECISION</b></p> <p>Yes</p> <p><b>REASON</b></p> <p>Affects two or more Wards and involves significant expenditure</p>	
<p><b>STRATEGIC DIRECTOR</b></p> <p>Steve Waddington - Strategic Director for Housing</p>	

## 1. CABINET MEMBER'S INTRODUCTION

The Council is passionate about its housing stock, and committed to the aims and principles of social housing. It is both a privilege and a duty to repair and maintain the Council's homes and estates, where more than 30,000 tenants and leaseholders live and are their beating heart.

1.2 In 2019 we published a long term vision for our homes, in a new Housing Asset Management Strategy, and began work to procure new contracts to deliver that work, which would deliver on the ambitions of that document as well as the Council's wider objectives in making Hackney fairer, safer and more sustainable.

1.3 This procurement work has been unavoidably affected by the global coronavirus pandemic. While the ambitions remain, the Council has had to urgently respond to the risk of not having suitable contracts in place to maintain our homes to the required standard. This report recommends a decision to award new contracts to mitigate that risk. This will ensure that the Council can continue to maintain homes so they are safe, secure and decent.

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

The Council has faced an unprecedented challenge from the Covid-19 outbreak; while frontline staff have worked to support residents directly affected by the pandemic, others have been working to ensure that we continue to fulfil our core responsibilities. An important responsibility is the maintenance of our housing stock; ensuring that residents remain safe and secure and our homes are decent.

This report summarises the reasons for awarding a contract for communal electrical supply works to Hackney's housing stock. The contracts will be for an initial term of five years with the option to extend up to a further five years.

## **3. RECOMMENDATION**

**Cabinet Procurement and Insourcing Committee is recommended to :**

**3.1 Approve the Award of the following contract for Communal Electrical Supply to 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**

**3.2 Approve the award of contract to the named Contractor at value of £20-30M for an initial term of 5 years and a further £20-30M if the 5 years extension provision is effected.**

## **4. RELATED DECISIONS**

March 2019: Approval of the Housing Asset Management Strategy 2019-2027, by Cabinet on 25 March 2019. This provides an overarching framework for investment decision-making across the Council's homes and estates. It sets out the ambitions that Hackney has for the quality of its homes and the priorities that will be established to ensure that the limited available resources are directed at the greatest need.

<http://mginternet.hackney.gov.uk/ieListDocuments.aspx?CId=111&MID=4332#A132478>

June 2019: Approval of the Business Case for Construction Contracts for Planned Capital Works to Hackney Council Housing, by Cabinet 11 June 2019. This provides the approach to be adopted to reprocur the planned capital works projects.

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

- 5.1.1 The proposed Communal Electrical contract is required to ensure that Hackney Council meets its statutory requirements as a landlord and ensures the safety of its residents. The contract will enable Hackney to replace or upgrade its communal electrical system where necessary. The contract will also enable the necessary testing of communal electrical systems within the Borough.
- 5.1.2 The contract will cover all housing typologies although it will not be required for individual street properties that do not have communal systems.
- 5.1.3 Careful consideration has been given to the appropriate length of the contract. In reaching the conclusion thought was given to ensuring that Hackney could build a beneficial long term relationship with the successful bidders and the opportunity to ensure value for money as well as contain future procurement costs. As a result, the contract is for an initial term of 5 years with an option to extend up to a further 5 years.

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

#### 5.2.1 Option 1 - Procuring Works as part of Main Planned and Cyclical Works (rejected)

The option of procuring the necessary works through the main planned and cyclical framework was considered but this was discounted on the basis that it was important to engage directly with appropriate electrical contractors rather than undertaking the work through a main contractor with the need for Hackney to meet additional overheads and profits in respect of the main contractor.

#### 5.2.2 Option 2- Procuring Works directly with Electrical Contractors (accepted)

This option involves going directly to the electrical contractors that have the necessary competence and experience to undertake the required works. This ensures that there is a reduced line of communication between Hackney's

officers and the contractors staff as well as a more efficient contract. This option is the recommended approach.

## 6. PROJECT PROGRESS

This is a five-year contract of £20-30m in total with the option to extend to 10 years. This contract covers the following works and services:

Any replacement and upgrade works to the council's communal electrical supply systems are necessary to ensure that they are safe to use, reliable and in compliance with the relevant regulations and legislation.

Routine testing of such installations in accordance with relevant industry standards, and attending to any repairs arising.

### **Developments since the Business Case approval. NONE**

**Whole Life Costing/Budgets:** Funding is available for the work that would be undertaken through these contracts. The estimated value of the contract across the initial 5 year term is £20-30 million.

## **SAVINGS**

The new contracts will ensure that Hackney is achieving the current market rates for the proposed works. There are no cashable savings arising from this contract but there may be cost avoidance savings resulting from planned preventative maintenance programmes leading to a reduction in reactive repairs.

## **RISK LOG**

<u>Risk</u>	<u>Likelihood</u>	<u>Impact</u>	<u>Overall</u>	<u>Mitigation</u>
	L- Low	M- Medium	H-High	

Poor Contractor Performance	M	M	M	Careful due diligence during procurement and good contract administration once contractors are appointed.
Non-recovery of costs from leaseholders	M	L	L	Leasehold team ensuring that all necessary leasehold legislation is complied with.
Delays in mobilisation of contract	L	M	L	Resources in place to ensure effective contract mobilisation.

## 7. SUSTAINABILITY ISSUES

### Procuring Green

The bidders were asked to demonstrate during the ITT evaluation how they would support Hackney's commitment to achieving Net Zero Carbon 2040 and provide examples of how they had delivered this objective through their previous clients. The successful bidder has submitted a range of carbon and waste reduction commitments and these will form part of the contract with Hackney. They will be regularly monitored through the KPI process.

KPIs will be monitored on a monthly basis and will form part of the monthly operational meeting agenda.

The Provider's annual performance against these KPIs will also be used to grant potential extensions of the contract term as detailed in the KPI handbook in Part 1 item 2

### Procuring for a Better Society

The successful bidder has committed to pay all staff a minimum of the London Living wage and this will form a contract term.



An e-auction was conducted in respect of social value and the results are set out for the winning bidder in Exempt Appendix B attached.

KPI monitoring would be as above.

### **Procuring Fair Delivery**

The successful bidder has demonstrated during the ITT evaluation how they would support Hackney's diverse communities and backgrounds and ensure how their delivery of this contract will give consideration to the needs of Hackney's various community groups, vulnerable residents and people whose first language is not English, as well as their engagement and communication processes.

### **Equality Impact Assessment and Equality Issues:**

The successful bidders have set out their commitments with regards to this contract with particular reference to working with diverse communities.

They have confirmed how they would induct and monitor their supply chain (where applicable) and demonstrate their commitment to adhere to the criteria set out under the Prompt Payment code.

The contract documents will include details on their commitment to resident engagement and customer care as well as their approach and method used to ensure their contract delivery will be tailored to Hackney's expectations through workshops designed to build solid working relationships with the client in partnership and where relevant, encourage the participation and input from resident representatives.

Note: There will be very little resident participation in this contract as its sole focus is to ensure that all blocks with communal electrical supplies meet the requirements of BS7671 (IET Wiring Regulations) and capable of supplying all dwellings, and all communal area services e.g. lifts, door entry, lighting, etc) in a safe manner. This contract will also replace VIR installations as they are considered to be beyond their normal safe working life.

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

### **In-sourcing**

The option of in-sourcing the design and works related to kitchen and bathrooms, fire safety systems to street properties and some planned communal electrical supply works was considered. However, this work would require a significant increase in the volume of capital works undertaken by the DLO, and it is unlikely that they would be able to scale up to deliver this work

successfully in the short term. This is due to the additional specialisms and qualifications of operatives that are required for different work areas.

New areas of work will require time to ensure appropriately trained staff can be put in place, and to ensure that they can be offered on a cost-effective basis. Therefore the option to increase in-sourced capital workstreams at present was rejected, though it remains a longer term objective.

#### **Framework or Term Contract.**

Consideration was given to using framework contracts, term contracts or a mixture of both. Framework contracts allow the appointment of several contractors. However, they can only be let for four years. Term Contracts have the advantage of being up to 10 years long, but a single contractor is appointed. In areas where the volume of work was insufficient to have several contractors, term contracts were proposed.

#### **One Off Procurements.**

The use of one off procurement exercises for all projects was rejected as the significant amount of work in carrying out public procurement exercises meant that this would not offer value for money. It would lead to a wide variety of contractors making contract management more complex. One-off procurement exercises will therefore only be used for unusual items of specialist work which fall outside of the longer term contractual arrangements.

#### **Design and Build or Traditional.**

Another important characteristic considered was where design responsibilities lie. In Design and Build contracts, the contractor has the responsibility for design, whereas in traditional contracts they do not and usually the client appoints an architect or surveyor to carry out this function. This is highly skilled work, which requires a lot of staff resources, and includes applying for statutory consents (planning and building control), designing construction details, and often producing these quickly while works are on site. It requires accepting responsibility for design defects and any delays in producing details while on site, thus increasing the level of risk to the council. However, it has the advantage of allowing a high degree of control over the works. Under design and build it is possible for the client to determine the scope of works, the specification and to sign off on the quality. The preferred option is to use design and build contracts.

## **9. TENDER EVALUATION**

### **Evaluation:**

In accordance with the strategy as set out in Section 3.1(i) of the Capital Works Procurement Strategy (NHP78), of 11th June 2019, a Find a Tender Notice, No. 2021/S 000-029446 was published on 26 November 2021. Pro-Contract Reference - DN574031. The notice set out that the Authority would

be following the Restricted process as described by the Public Contracts Regulations 2015.

There were 38 companies who expressed a general interest in bidding for these two contracts. 30 of those companies did not respond, opted out or otherwise did not complete the Selection Questionnaire (SQ) but, on 6th January 2022, 8 Companies did complete and submit an (SQ). The names of the companies who applied are contained in an exempt Appendix A which is attached.

#### **Quality comparison stage:**

6 of the original 8 applicants, having passed the minimum standards qualification stage, were then scored for quality by an evaluation panel of 7 Authority officers. The officers held the following positions:

- Contracts Manager (Electrical Services) - Asset Management
- Electrical Services Manager - Asset Management
- Electrical Contract Manager Asset Management
- Health & Safety & Risk Manager
- Sustainability Officer
- Client Liaison Officer
- Senior Health & Safety Advisor

5 of the 6 applicants were then taken through to the tender (ITT) stage.

#### **Tender Stage (ITT)**

Evaluation Criteria had been set as: 60% Price and 40% Quality

5 bids were received.

#### **ITT Quality (40%)**

After basic compliance tests had been carried out by procurement officers, the 5 quality submissions were evaluated by the following 7 Authority officers:

- Contracts Manager (Electrical Services) - Asset Management
- Electrical Services Manager - Asset Management
- Electrical Contract Manager Asset Management
- Energy and Sustainability Officer - Asset Management
- Client Liaison Manager - Asset Management
- Health & Safety & Risk Manager
- Senior Health & Safety Advisor

#### **ITT Price (60%)**

The pricing submissions were evaluated by a separate team from the quality evaluation team. Price was evaluated after the quality had been evaluated and moderated so that the team who evaluated the quality submission could not be aware of the prices submitted. Submitted prices were evaluated and checked by:

- Senior Procurement Category Manager - Construction
- Quantity Surveyor - Asset Management

**Final scores are as set out below:**

<b>BASIC QUALITY - (Without Social Value) RANKED - OF 35%</b>		
1	Bidder 2	22.40
2	Bidder 3	21.00
3	Bidder 4	19.80
4	Bidder 1	19.50
5	Bidder 5	17.90

<b>SOCIAL VALUE SCORES - RANKED - OF 5%</b>		
1	Bidder 1	5.00
2	Bidder 3	2.34
3	Bidder 5	1.64
4	Bidder 4	0.80
5	Bidder 2	0.00

<b>TOTAL QUALITY - ITT Scores <u>With</u> Social Value - OF 40%</b>		
1	Bidder 1	24.50
2	Bidder 3	23.34
3	Bidder 2	22.40
4	Bidder 4	20.60
5	Bidder 5	19.54

<b>PRICE - T2 P1 - ITT Ranked Scores - OF 60%</b>		
1	Bidder 1	60.0000
2	Bidder 2	51.7236
3	Bidder 3	48.4719
4	Bidder 4	43.7711
5	Bidder 5	37.8548

<b>WINNER - COMMUNAL SUPPLY RANKED - OF 100%</b>		
1	Bidder 1	84.50
2	Bidder 2	74.12
3	Bidder 3	71.81
4	Bidder 4	64.37
5	Bidder 5	57.39

**Recommendation:**

Following a comprehensive and robust evaluation resulting in the scoring set out above it is recommended that Contractor 1 in Appendix A is awarded the contract.

**10. CONTRACT MANAGEMENT ARRANGEMENTS**

**Resources and Project Management (Roles and Responsibilities):**

The Resources and Project Management (Roles and Responsibilities): the Communal Electrical Supply Contract will be managed by Robert McKenna, Electrical Service Manager along with the Electrical Clerk of Works (COW) officer Paul Bywaters. Denise Hill is the overall project manager for Term Alliance agreement and it the point of escalation should a matter arise that is unable to be resolved at the monthly operational meetings. Such matters are escalated in the Core Meeting.

Officers are aware of the need to closely manage and monitor both contracts to ensure continuing compliance to the relevant regulatory standards and legislation in line with the FRA recommendations.

Robust specifications and SOR will be used to minimise client variation and also by using the technical skills, knowledge and expertise of the officers managing these works to ensure a good standard of contract management is applied at all times.

Performance is monitored through a set of KPIs with set targets. This review will take place at the monthly operational meeting and the results collected in accordance with the Contract's KPI handbook. An annual review of the KPI results will also take place at the Core meeting which will be used to decide whether an extension term, in the form of an extra year, will be granted to the appointed Provider.

**Key Performance Indicators:**

The KPIs are as follows:

<b>Main KPI Targets Set</b>
<b>1.</b> Customer Satisfaction – overall Target yrs 1&2 75% then 85%
<b>2.</b> Major Works - Client Handover Pass Rate Yrs 1&2 80% then 90%
<b>3.</b> Time – Major Works completed in time Yrs1&2 110% then 105%
<b>4.</b> Recalls to Major Works Defects during the Defects Liability Period Year 1 &2 75% then 100%
<b>5.</b> Safety - Client H&S Inspections Yrs 1&2 85% then 90%
<b>6.</b> Predictability Cost - Project Section Yrs 1&2 105% then 100%
<b>7.</b> Time – Periodic Servicing and Inspection Programme Yrs 1 &2 85% then 100%
<b>8.</b> Early Warning Notices Resolution Yrs1&2 75% then 100%

<b>9.</b> Safety – Provider’s accident record Max 200 per 100,000
<b>10.</b> Social Value Yrs 1& 2 90% then 100%

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

The contracts Communal Electrical Supply is provided for in the Asset management Strategy and the HRA Business Plan and therefore there is budget provision for this contract. The quantity and value of the works will be managed within the overall budget envelope of the Housing Capital programme and will be reviewed annually.

The selected contractors both scored the highest on both the quality score and priced scores. This demonstrates Value for Money in the contract award is supported.

**12. COMMENTS OF THE DIRECTOR, LEGAL, DEMOCRATIC & ELECTORAL SERVICES**

12.1 The works in this Report were assessed as High Risk by the Council. On 11th June 2019 Cabinet Procurement Committee agreed a Business Case in respect of the procurement strategy for Construction Contracts for Planned Capital Works to Hackney Council Housing. The works contracts proposed for award in this Report were part of such Business Case and therefore this Contract Award Report is being presented to Cabinet Procurement and Insourcing Committee for approval in accordance with paragraph 2.7.10 of Contract Standing Orders.

12.2 Details of the procurement process undertaken by the Council are set out in this Report.

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

Officers have complied with all regulatory requirements governing the commissioning of these works at this spend threshold. The tender exercise has been transparent, fair, equal and non discriminatory.

The tender exercise was carried out in accordance with Public Contracts Regulations 2015 and Public Procurement (Amendments) Regulations 2020. Prior to this exercise a business case, PRIMAS, RAT were approved. In tendering Social Value was assured and KPI’s measures incorporated. All in-tender and evaluation clarification questions have been closed out. Leaseholder consultation is not a requirement of this commission.

The recommended contractor is assessed as meeting all necessary requirements to deliver these works.

## APPENDICES

**Appendix A - Detailed scoring of Bidders (Exempt)**  
**Appendix B - e-Auction Results (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.

## CONFIDENTIAL

The appendices are confidential as they contain commercially sensitive 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 (or None)

None

<b>Report Author</b>	<i>Robert Mathison</i> <i>Interim Head of Property and Asset Management</i> <i>robert.mathison@hackney.gov.uk</i>
<b>Comments for and on behalf of the Group Director of Finance and Corporate Resources</b>	<i>Simon Theobald - Tel : 0208 356 4304</i> <i>Head of Finance -Neighbourhoods and Housing</i> <i>simon.theobald@hackney.gov.uk</i>
<b>Comments for and on behalf of the Director of Legal, Democratic &amp; Electoral Services</b>	<i>Patrick Rodger</i> <i>Patrick.Rodger@hackney.gov.uk</i> <i>Tel: (020) 8356 6187</i>
<b>Comments of Procurement Category Lead</b>	<i>Divine Ihekwoaba</i> <a href="mailto:Divine.Ihekwoaba@hackney.gov.uk">Divine.Ihekwoaba@hackney.gov.uk</a>





By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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