



# 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 7 November 2022  
at 5.00 pm

The live stream can be viewed here:

## 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, Voluntary Sector and Culture
- Councillor Caroline Woodley, Cabinet Member for Families, Parks and Leisure

**Mark Carroll**  
**Chief Executive**  
**Thursday 27 October 2022**  
[www.hackney.gov.uk](http://www.hackney.gov.uk)

Contact: Jessica Feeney  
Governance Officer  
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# **Cabinet Procurement and Insourcing Committee**

## **Monday 7 November 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 9 below. New items of exempt urgent business will be dealt with at Item 14 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
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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 12 and 13.

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 (Pages 9 - 16)**

To confirm the unrestricted minutes of the meeting of Cabinet Procurement Committee held on 3 October 2022.

## **7 CHE S141 Housing Repairs Material Framework award [18-034] (Pages 17 - 32)**

## **8 NH S142 Public Space Surveillance Monitoring Contract (DN618422) (Pages 33 - 44)**

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

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

Note from the Governance Services Manager

Item 12 and 13 allows for the consideration of exempt information in relation to items 7 and 8 respectively.

Proposed resolution:

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

- 11 EXEMPT MINUTES OF THE PREVIOUS MEETING OF CABINET PROCUREMENT COMMITTEE HELD ON 3 OCTOBER 2022** (Pages 45 - 48)

To confirm the exempt minutes of the meeting of Cabinet Procurement Committee held on 3 October 2022.

- 12 CHE S141 Housing Repairs Material Framework award [18-034]**  
(Pages 49 - 50)
- 13 NH S142 Public Space Surveillance Monitoring Contract (DN618422)**  
(Pages 51 - 54)
- 14 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**

The Openness of Local Government Bodies Regulations 2014 give the public the right to film, record audio, take photographs, and use social media and the internet at meetings to report on any meetings that are open to the public.

By attending a public meeting of the Council, Executive, any committee or sub-committee, any Panel or Commission, or any Board you are agreeing to these guidelines as a whole and in particular the stipulations listed below:

- Anyone planning to record meetings of the Council and its public meetings through any audio, visual or written methods they find appropriate can do so providing they do not disturb the conduct of the meeting;
- You are welcome to attend a public meeting to report proceedings, either in 'real time' or after conclusion of the meeting, on a blog, social networking site, news forum or other online media;
- You may use a laptop, tablet device, smartphone or portable camera to record a written or audio transcript of proceedings during the meeting;
- Facilities within the Town Hall and Council Chamber are limited and recording equipment must be of a reasonable size and nature to be easily accommodated.
- You are asked to contact the Officer whose name appears at the beginning of this Agenda if you have any large or complex recording equipment to see whether this can be accommodated within the existing facilities;
- You must not interrupt proceedings and digital equipment must be set to 'silent' mode;
- You should focus any recording equipment on 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 to respect the wishes of those who do not want to be filmed and photographed may result in the Chair instructing you to cease reporting or recording and you may potentially be excluded from the meeting if you fail to comply;
- Any person whose behaviour threatens to disrupt orderly conduct will be asked to leave;
- Be aware that libellous comments against the council, individual Councillors or officers could result in legal action being taken against you;
- The recorded images must not be edited in a way in which there is a clear aim to distort the truth or misrepresent those taking part in the proceedings;
- Personal attacks of any kind or offensive comments that target or disparage any ethnic, racial, age, religion, gender, sexual orientation or disability status could also result in legal action being taken against you.

Failure to comply with the above requirements may result in the support and assistance of the Council in the recording of proceedings being withdrawn. The Council regards violation of any of the points above as a risk to the orderly conduct of a meeting. The Council therefore reserves the right to exclude any person from the current meeting and refuse entry to any further council meetings, where a breach of these requirements occurs. The Chair of the meeting will ensure that the meeting runs in an effective manner and has the power to ensure that the meeting is not

disturbed through the use of flash photography, intrusive camera equipment or the person recording the meeting moving around the room.

## Advice to Members on Declaring Interests

If you require advice on declarations of interests, this can be obtained from:

- The Monitoring Officer;
- The Deputy Monitoring Officer; or
- The legal adviser to the meeting.

It is recommended that any advice be sought in advance of, rather than at, the meeting.

## Disclosable Pecuniary Interests (DPIs)

You will have a Disclosable Pecuniary Interest (\*DPI) if it:

- Relates to your employment, sponsorship, contracts as well as wider financial interests and assets including land, property, licenses and corporate tenancies.
- Relates to an interest which you have registered in that part of the Register of Interests form relating to DPIs as being an interest of you, your spouse or civil partner, or anyone living with you as if they were your spouse or civil partner.
- Relates to an interest which should be registered in that part of the Register of Interests form relating to DPIs, but you have not yet done so.

If you are present at any meeting of the Council and you have a DPI relating to any business that will be considered at the meeting, you **must**:

- Not seek to improperly influence decision-making on that matter;
- Make a verbal declaration of the existence and nature of the DPI at or before the consideration of the item of business or as soon as the interest becomes apparent; and
- Leave the room whilst the matter is under consideration

You **must not**:

- Participate in any discussion of the business at the meeting, or if you become aware of your Disclosable Pecuniary Interest during the meeting, participate further in any discussion of the business; or
- Participate in any vote or further vote taken on the matter at the meeting.

If you have obtained a dispensation from the Monitoring Officer or Standards Committee prior to the matter being considered, then you should make a verbal declaration of the existence and nature of the DPI and that you have obtained a dispensation. The dispensation granted will explain the extent to which you are able to participate.

## Other Registrable Interests

You will have an 'Other Registrable Interest' (ORI) in a matter if it

- Relates to appointments made by the authority to any outside bodies, membership of: charities, trade unions,, lobbying or campaign groups, voluntary organisations in the borough or governorships at any educational institution within the borough.
- Relates to an interest which you have registered in that part of the Register of Interests form relating to ORIs as being an interest of you, your spouse or civil partner, or anyone living with you as if they were your spouse or civil partner; or
- Relates to an interest which should be registered in that part of the Register of Interests form relating to ORIs, but you have not yet done so.

Where a matter arises at any meeting of the Council which affects a body or organisation you have named in that part of the Register of Interests Form relating to ORIs, **you must** make a verbal declaration of the existence and nature of the DPI at or before the consideration of the item of business or as soon as the interest becomes apparent. **You may** speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation.

### **Disclosure of Other Interests**

Where a matter arises at any meeting of the Council which **directly relates** to your financial interest or well-being or a financial interest or well-being of a relative or close associate, you **must** disclose the interest. **You may** speak on the matter only if members of the public are also allowed to speak at the meeting. Otherwise you must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation.

Where a matter arises at any meeting of the Council which **affects** your financial interest or well-being, or a financial interest or well-being of a relative or close associate to a greater extent than it affects the financial interest or wellbeing of the majority of inhabitants of the ward affected by the decision and a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest, you **must** declare the interest. You **may** only speak on the matter if members of the public are able to speak. Otherwise you must not take part in any discussion or voting on the matter and must not remain in the room unless you have been granted a dispensation.

In all cases, where the Monitoring Officer has agreed that the interest in question is a **sensitive interest**, you do not have to disclose the nature of the interest itself.

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

**MONDAY 3 OCTOBER 2022**

<b>Chair</b>	<b>Councillor Robert Chapman in the Chair</b>
<b>Councillors Present:</b>	<b>Councillors Deputy Mayor Anntoinette Bramble, Cllr Christopher Kennedy and Cllr Caroline Woodley</b>
<b>Officers in Attendance</b>	<b>Angela Birch (Principal Public Health Specialist), Timothy Brethwick (Interim Head of Facilities Management), Hayley Craig (Project Director, Britannia) , Lesley Hill (Strategic Commissioner Commissioning), Norman Harding (Fleet Manager) Sam Kirk (Head of Sustainability and Environmental Services), Andrew Laidler (Interim Head of Education Property, Chris Lovitt (Deputy Director of Public Health), Nurur Rahman (Group Accountant). Patrick Roger (Senior Lawyer), Carolyn Sharpe (Consultant - Public Health), Karina Wilks (Brokerage Officer - Brokerage)</b>

### **1 Apologies for absence**

1.1 There were no apologies for absence.

### **2 Urgent Business**

2.1 There was no urgent business.

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

3.1 Councillor Chapman (Chair) declared that Kings Hall Leisure Centre was located in his ward.

### **4 Notice of Intention to Conduct Business in Private, Any Representations Received and The Response to any such representations**

4.1 There were no representations to consider.

### **5 Deputations/ Petitions/ Questions**

5.1 There were no deputations/ Petitions or questions.

### **6 Minutes of the Previous Meeting**

#### **RESOLVED:**

- To agree the minutes of the previous meeting as a correct record.

## 7 **Provision of Care at Limetree Court and St Peter's House Housing with Care Schemes - business case**

- 7.1 The Strategic Commissioner introduced the report to procure the provision of care and support at Limetree Court and St Peter's House as part of the Housing with Care scheme, together with an extension to the current contract to ensure a smooth transition.
- 7.2 Councillor Kennedy stressed that it was not appropriate to proceed with insourcing at these schemes at present.
- 7.3 The Chair reiterated the commitment to the insourcing of Council contracts.

### **RESOLVED:**

- To agree to a competitive procurement for the delivery of a care and support service at Limetree Court and St Peter's House for up to 4 years in total (2+1+1 years), with a view to bringing the service in house at the end of the contract;
- To agree to the extension of the existing contracted provision with the incumbent provider, for a period of up to 9 months, in order to ensure service continuity during the final stages of the procurement process and subsequent implementation phase.

## 8. **Recommissioning - City & Hackney Enhanced Health Visiting Service**

- 8.1 The Deputy Director of Public Health introduced the report seeking to obtain approval to re-procure the Enhanced Health Visiting Service which would be an integration of existing individual health service contracts. The proposal was to integrate the service, taking in the Health Visitors Service and the Family Nurse Partnership which would improve outcomes for the Young People of City and Hackney. The officer informed members that recommendation 3.2 in the report was being withdrawn
- 8.2 Councillor Woodley asked for reassurance about the provision of the service, referring to the current challenges around recruitment and the impact on performance indicators.
- 8.3 Councillor Kennedy welcomed the removal of recommendation 3.2 from the report.
- 8.4 Councillor Bramble also welcomed the removal of recommendation 3.2 and thanked officers for meeting with her and others to discuss the report, providing reassurance.
- 8.5 Councillor Chapman referred to the advantages of having one contact for these schemes. He asked if local businesses and the community and voluntary would continue to be supported within a sustainable procurement plan.
- 8.6 The Deputy Director of Public Health referred to the recruitment crisis in the NHS specifically relating to Health Visitors. Work was ongoing to ensure that suitability qualified staff were provided, including with the Family Nurse Partnership. The new specification contained the requirement for high impact roles, giving the opportunity for other roles that may require a health visitor to have a slightly different qualification or service model. Work was also ongoing around apprenticeships, ensuring the local residents seek careers in the NHS. He confirmed that the NHS had been considering having a workforce strategy for some time. He told the Committee that local businesses were one of the social values sought in all contracts in how local businesses are used. Local procurement was carried out in such a way as to ensure that the investment in public services remained as local as possible. However, there were limitations to this in terms of complying with procurement legislation.

**RESOLVED:**

- To agree to procure the City and Hackney Enhanced Health Visiting Service for a period of up to 5 years (2 +1+1+1) at a maximum value of £35.4M (£7.07M per year)

**9 Kings Hall Leisure Centre (KHLIC) Project: Design Team Services Contract Award Report**

9.1 The Project Director introduced the report, highlighting the following:

- That the Centre was in need of urgent repair;
- The paper was a business case and a contract award with a recommendation to appoint contractor A to provide core design services for the duration of the programme, including the instruction for planning and stage 3 design. At this time the project would be returned to Cabinet to consider the financial business case more holistically and the procurement approach;
- Alternatives had been considered, including other frameworks;
- There was current spend on remedial works as a team is set up.
- Minimising remedial works was important consideration;
- The team would be same as that which had carried out the feasibility work and had an in depth knowledge of the building;
- The proposals of supplier A had met the requirements of the brief, providing benchmark data, experience in wet leisure, together with experience in listed buildings. A comprehensive procurement proposal had been submitted, touching on all expected elements, including on Net Zero; the submission of a social value proposition and a nominated resource to be detailed as part of the performance indicators. Further, a commitment to a diverse and inclusive environment was included.

9.2 The Chair welcomed the report.

9.3 Councillor Woodley welcomed the report and supported the proposals to carry out the much needed work. The financial commitments could be reviewed at stages 4 to 7.

9.4 Councillor Kennedy welcomed the report and asked for reassurance on how the the framework would work to ensure that no challenge was made.

9.5 The Project Director responded, highlighting the following:

- The procurement had been carried out publicly and within a legal framework, fulfilling all the necessary requirements;
- Lot 1 specifically relates to Lead Design Services which the supplier was providing;
- Sub contract team members could be appointed to augment as necessary;
- Work would be required with the Core Design Team to procure and appoint any ancillary services required;

9.6 Deputy Mayor Bramble referred to the need for refurbishment at the Centre. She asked for clarification on meeting timescales and the impact of Brexit and the cost of living crisis on the scheme.

9.7 The Project Director responded, highlighting the following:

- In regard to timescales, a detailed programme had been submitted for the work up to the time of handover. The Cabinet review was scheduled for early 2024 with sufficient design information to make for effective consideration;
- The cost of the scheme would be considered and submitted to Cabinet.

**RESOLVED:**

- To award the contract for core Design Team Services for Kings Hall Leisure Centre (KHLC) refurbishment project to Supplier A by way of a call off from the Pagabo Professional Services Framework Lot 1 (OJEU - 2020/S 079-187629) in line with the fee set out in Exempt Appendix A - Tender Detail, and;
- To enter into a call off contract and any other ancillary legal documentation necessary relating thereto with Supplier A 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.

**10 Insourcing Report - Gully Cleansing and Winter Maintenance**

10.1 The Head of Sustainability and Environment introduced the report, highlighting the following:

- Gully Cleansing had been brought in-house on 20 April 2020 and Winter Maintenance on 10 October 2020;
- There had been no issues with the mobilisation of either of these services;
- 2 Winter Vehicles and 1 Gully Cleansing Vehicle had been purchased;
- Staff have been trained to operate these vehicles;
- Accurate data for Gully Cleaning had been produced with 14000 gullies;
- Savings had resulted from the Insourcing of services;
- There had been a number of other advantages arising from the insourcing of services, including, faster response times, no call out charges, more regular cleaning, flexibility of working hours, improved performance indicators and availability of local knowledge.
- Next steps included automating data to the Council's 'Click', resulting in more proactive work and mapping.

10.2 Councillor Woodley asked for clarification on where gully cleaning would increase and what would the impact be on any Gully Cleansing saving?

10.3 The Head of Sustainability and Environment told the Committee that the mapping exercise was ongoing in terms of flooding. There had been concerns around response times. In terms of winter maintenance, there had not been severe winters and there would not be an impact on the Budget and it was confirmed that this was within budget. In any event this could be covered by reserves. She undertook to provide the Committee with details of where gully cleaning was to be increased.

**Action: Head of Sustainability and Environment**

10.4 The Chair asked for clarification on whether payment of the London Living Wage. He asked for details of the insourcing achieved through insourcing.

10.5 The Head of Sustainability and Environment confirmed that the Council was paying above the London Living Wage. She outlined to the Committee the savings that had been achieved through the insourcing of these services:

- Winter Maintenance - Year 1: £30,500/ Previously £100,000
- Gully Cleaning - Year 1: £130,000/Previously £200,000

**RESOLVED:**

- To note the report

**11 Insourcing Annual Briefing Report - In house provision of cleaning services to Hackney BSF School**

- 11.1 The interim Head of Facilities Management – Property and Capital Team introduced the report, highlighting the following:
- The service was insourced in 2020 with efficiencies arising in the service;
  - Facilities Management staff transferred to schools and the cleaning and support staff transferred to the Council;
  - Productivity and performance had improved since moving provision from the third party;
  - The London living wage was being paid. Details of when the 10 percent increase would be implemented was awaited.
- 11.2 Councillor Kennedy asked if there were plans for Legal compliance service to be insourced. Deputy Mayor Bramble stressed that insourcing was a commitment in the Council's manifesto and that with the addition of more schools it may be be feasible to Insource the service.
- 11.3 The Interim Head of Facilities Management – Property and Capital Team reported that currently it was more cost effective to use a sub-contractor given the number of schools involved. However, efforts were being made to encourage other schools to take the compliance service, thereby justifying the employment of staff by the Council.
- 11.4 The Chair thanked officers for the report and asked that a report back to the Committee be made at the appropriate time on the next steps to be carried out.
- 11.5 The Interim Head of Facilities Management – Property and Capital Team told the Committee that the next steps included the harmonisation of the terms and conditions of the Tupe transferred staff and the implementation of the new contract from 1 April 2023. It appeared that all 10 BSF schools were to remain with 5 primary schools expressing an interest. It was agreed that an update on next steps be made to the Committee at the appropriate time.

**Action: The interim Head of Facilities Management – Property and Capital Team**

**RESOLVED:**

- To note the report

**12 Insourcing Annual Briefing Report - Building Cleaning Services**

- 12.1 The Head of Sustainability and Environmental Services introduced the report, highlighting the following;
- The contract was insourced on 1 January 2021;
  - All but 3 staff had transferred to the Hackney terms and conditions;
  - Servest had been cooperative in the transfer process. The service had run smoothly throughout the change;
  - There had been proposals for the service but following fuller assessment it was decided not to take these forward;
  - A wider review of the service was being carried out;

- Savings of £75,000 had been made in year 1 with year 2 on course for this level of saving;
- Some buildings were closed because of COVID-19 and renovations;
- Performance had not been impacted by the transfer in-house;
- Building cleaning services was under review, with consideration being given to targets and performance indicators carried over from Servest;
- Work was ongoing with Facilities Management on the longer term arrangements now that staff were returning to the office.

12.2 The Chair asked clarification on the high level of staff turnover referred to in the report.

12.3 The Head of Sustainability and Environment confirmed the high staff turnover was carried over from Servest and formed part of the rationale for the review of the service

**RESOLVED:**

- To note the report.

**13 Any Other Unrestricted Business the Chair considers Urgent**

13.1 There were no unrestricted business that the Chair consider urgent

**14. Date of Future Meetings**

- 7 November 2022
- 5 December 2022
- 16 January 2023
- 13 February 2023
- 13 March 2023 (4:00pm start)
- 17 April 2023

**15 Exclusion of Public and Press**

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

**End of Meeting**

**Duration of the meeting; 5pm - 5:50pm**

**Chair of the meeting - Councillor Robert Chapman**

Contact: Peter Gray  
Governance Services  
governance@hackney.gov.uk



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<p><b>TITLE OF REPORT</b> Housing Repairs DLO - Material Supply [18-034]</p> <p><b>CONTRACT APPROVAL</b></p> <p><b>Key Decision No. CHE S141</b></p>	
<p><b>CPIC MEETING DATE (2022/23)</b></p> <p><b>7th November 2022</b></p>	<p><b>CLASSIFICATION:</b></p> <p>Open with exempt appendix</p> <p>If exempt, the reason will be listed in the main body of this report.</p>
<p><b>WARD(S) AFFECTED</b> - All wards</p>	
<p><b>CABINET MEMBER</b> - Councillor McKenzie</p>	
<p><b>KEY DECISION</b> - Yes</p> <p><b>REASON</b> - Significant financial value and affects two or more wards</p>	
<p><b>GROUP DIRECTOR</b> - Rickardo Hyatt, Climate Homes &amp; Economy</p>	

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

- 1.1. This paper sets out the contract award for the Building Materials contract to support our in house DLO team within Building Maintenance for our Housing repairs services. The strategy and approach to this procurement was agreed previously at the Procurement Board and has been followed in accordance with the agreed procurement process.
- 1.2. The contracts, split into various lots for building material types, represent good value for money in a challenging economic environment. The social and environmental impact of the delivery of these contract arrangements has been duly considered and supports the Council's strategic objectives, contributing positively to the local socio-economic community and moving towards a net zero approach.
- 1.3. These building materials supplies will support the growing in-house DLO team to deliver repairs and maintenance services for our residents across the Council's housing stock. There is sufficient flexibility within the contracts to allow for further growth of the DLO, which is in line with our ambition and strategy. The continued growth of the in house service provision will provide an element of protection from external economic factors, in terms of contractor costs associated with the delivery of repairs and maintenance services.

## **2. GROUP DIRECTOR'S INTRODUCTION** *[Rickardo Hyatt]*

- 2.1. The building materials supply contract arrangements support the Housing repairs section's internal building maintenance operations. On an annual basis, the council in-house repairs contractor (DLO) undertakes approximately £19m of repairs & maintenance across the boroughs housing stock and spends approximately £3m on materials. It is anticipated this spend will increase in future years as it is intended the DLO will expand its range of repair activities, insourcing housing repair works currently undertaken by external contractors in areas where it can offer equal or better value.

Hackney Procurement Board previously approved re-tendering these supply arrangements through the central purchasing consortium Procurement for housing [Pfh] Framework using mini-competitions for specific trade packages including

- 1) Lot 1 Plumbing
- 2) Lot 1 Heating
- 3) Lot 2 gas spares
- 4) Lot 3 General building
- 5) Lot 4 electrical

- 2.2. This report seeks approval to award new contracts (first and second supplier for each package) in accordance with the outcome of this approved tendering process.
- 2.3. The second ranked supplier will only provide materials that the top ranked supplier cannot supply and/or non-basket items if better value. If after 28 days of formal notification that performance falls below 90% of any Primary KPI target measure, it still does not meet required performance the council may obtain supplies from the second supplier until the KPI measure is recovered to the council's satisfaction.
- 2.4. There remain two further trade packages that are yet to be procured. They will be subject to a further award report to be approved at HPB. These are as follows:
  - Tools plant & Ironmongery (£216k annual spend) for which a direct award is proposed as the current supplier is included in the Pfh framework Lot 9. We wish to retain this supplier as it provides an excellent quality of service, is local which facilitates local pick up and enables operatives to take unusual components direct from site for matching alternatives and can in emergencies deliver within a 2 hr time frame. Current supplier rates will be benchmarked to ensure better value than established framework rates
  - Paint (£189k annual spend), which is subject to mini competition within the Pfh decorative solutions framework. This package was not tendered at the same time as the rest because Pfh were in the process of retendering the decorative solutions framework.

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

To award the following five trade packages supply term contracts via the Pfh framework agreement as four year contracts [2+1+1] to the first and second highest scoring suppliers as set out in appendix A:-

- 1) Lot 1 - Plumbing supplies
- 2) Lot 1 - Heating supplies
- 3) Lot 2 - gas spares
- 4) Lot 3 - General building supplies
- 5) Lot 4 - electrical supplies

(Ten contracts in total as detailed at 2.3, 4.1 and 9.2.)

### **4. RELATED DECISIONS**

- 4.1. Business case 18-024 approved at Hackney Procurement board meeting 12/08/21. agenda item 8 approving the re-tendering of these arrangements on a 4 year [2+1+1] arrangement using mini competitions within the Pfh material supply framework, awarding 1st and 2nd suppliers to each lot.

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

- 5.1 To maintain the council's statutory obligations and its intention to provide an excellent repairs service to tenants the Housing services in-house repairs team require a flexible and robust material supply chain which will deliver good value and a high quality service in accordance with our KPI criteria as listed at 10.2

Awarding these contracts will secure the in-house housing repairs team long term supply arrangements at competitive market rates, at a time of volatile supply and pricing.

Appointing two suppliers within each supply category will maintain continuing market tension throughout the life of the arrangements and provide a live alternative supplier enhancing supply resilience if any supplier performance becomes an issue.

Recruiting suppliers within the Pfh framework accesses the significant buying power of an organisation which purchases in excess of £100m per year together with [at no cost to Hackney] ongoing support and price management including

- Attending quarterly contractor review meetings
- Supporting the monitoring & managing of SLA's & KPI's
- Maintaining the agreed price lists
- Providing a robust price review process and challenging increases in accordance with the framework agreement. This provides an enhanced degree of price certainty, transparency and avoids cost drift.
- Pfh's strong market presence facilitates close relationships with key manufactures enabling enhanced discounts and tailored solutions through the supply chain to enhance value for money
- Quantum billing – all material billing onto one platform to simplify processes and reduce transaction costs

Previous arrangements have shown that long term material procurement involving high volumes, fluctuating prices often sensitive to international commodity market trends coupled with ongoing variations in client requirements and changes to specifications etc. can introduce a considerable divergence in the purchasing list away from that included in any initial tendering arrangement and without the competitive tension a gradual move away from best value.

Using the Pfh framework arrangement with its prescribed mechanisms for introducing new items and supplier price reviews based on evidenced cost increases and Pfh market intelligence has previously proved very effective in maintaining value.

In addition Pfh's considerable market presence and strong relationship with manufactures has enabled detailed intelligence from manufacturers in corroborating suppliers requested price increases and given influence in arranging discounted rates directly with manufacturers

## 5.2 ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED) - see section 8

- outsourcing the stores function
- open tendering
- direct award through the Pfh Framework

## 6. PROJECT PROGRESS

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

There have been considerable disruption and inflationary pressures on the construction material supply market since the initial business case.

The tendering process is now complete and we are ready to make awards.

### 6.2. Whole Life Costing/Budgets:

These material purchases are funded from income generated from undertaking repairs ordered through existing housing repairs and planned maintenance budgets. Should those budgets be amended, repairs spend and the resulting material spend would be adjusted accordingly

### 6.3. SAVINGS

The Pfh frameworks purchase in excess of £100m per year and provide significant buying power, delivering competitive pricing.

A Pfh analysis provided indicated tendered rates represent an overall 9% saving on our 2021/22 supply rates based on a 77% match of items [number of items matched for lot 4 electrical was limited]

As a consequence of the data breach in October 20 the tender material basket was based on the 2019/20 material purchase quantities and prices being the latest full year of purchasing data.

Our analysis of the planned awards showed an increase of between 2% and 11% on those historic 2019/20 basket rates for individual lots and an overall increase of **6.4%** [£143k]. Given those rates are now over 24 months old, the intervening inflationary pressures and current volatility in the construction material supply market, these new arrangements are considered good value securing a long term supply at competitive market rates.

A 6.4% increase on the historic 2019/20 material basket rates is considered acceptable given

- Brexit issues continue to fuel supply challenges.
- Covid restrictions have introduced considerable disruption and inflationary pressures to manufacturing and supply chains. These

remain ongoing in many lower income countries [with limited vaccination levels] which supply many raw materials and in China which is a substantial manufacturing base.

- The war in Ukraine and resulting mounting energy prices and supply challenges has triggered further inflationary pressures.

Building cost information service [BCIS] advised construction costs increased by 10% in the year April 21 to April 22. Pfh market survey [Q2 2022] suggested price growth was between 6-10% for the same period with an expectation of further 6 to 12% increase in the next 6 to 10 months before prices level. Potentially a 22% increase over April 21 pricing levels.

The new framework rates will be fixed for 3 months Lots 1 & 2 and 12 months Lots 3 & 4 and subsequently maintained within a strict evidenced based price review process managed by Pfh. Given the inflationary increases since the basket rates were established and forecast increases within the fixed price period the tendered rates are considered to represent value for money.

Additionally the Framework provides the facility to undertake ongoing reviews of alternative products within the supply lots to achieve additional value and the four year contract term is expressed as 2+1+1 so that after the first year when arrangements have settled down it will be possible to undertake a soft market test against other supply frameworks and consider if better value might be available by a formal tendering exercise during year 2

## **7. SUSTAINABILITY ISSUES**

### **7.1. Procuring Green**

All the supply arrangements include a significant quality element within the bids valued at 60% of the final evaluation. This element required bidders to demonstrate an environmental policy and action plan and membership of an independent environmental accreditation scheme such as ISO 14001, BES6001.

In addition bidders were required to demonstrate how they will support and follow the councils net zero energy strategy including

- developing an electric fleet [and in the interim to use high blended renewable biofuels]
- carbon offsetting
- support Hackney in reducing embodied carbon in the housing stock by supporting us in identifying and introducing
  - # increasing the use of materials from re-used sources to 35%
  - # materials that can be reused at the end of life
  - # using sustainably sourced timber

## 7.2. **Procuring for a Better Society** [economic]

All bidders have confirmed any staff employed on this contract will be paid at least the Living wage foundation rate.

Within their quality bid all Suppliers have detailed how they will

- a) Promote the use of SME organisations throughout the supply chain for the delivery of these services
- b) notify employment opportunities within this arrangement with local agencies
- c) encourage the supply chain to pay as a minimum the living wage foundation rate
- d) offer training programmes, work placements, apprenticeships and trainee opportunities

## 7.3. **Procuring Fair Delivery** [equality]

The tender documents require all bidders to confirm and evidence if requested that they

- a) Have adopted Policies ensuring compliance with equalities and diversity law including instructions for recruitment, training & promotion.
- b) ensure all staff comply with equality & diversity law
- c) take all reasonable steps to encourage applications from groups that are underrepresented in the workforce for all employment opportunities in relation to the contract
- d) Exercise due diligence to ensure and warrant that no slavery or human trafficking exists in the supply chain
- e) Have a whistleblowing process that allows staff to report concerns about how their employer deals with workforce matters in their workplace.

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

No equalities issues were identified in the Primas.

The renewal of the building maintenance material supply contracts will impact the housing repairs service but it is not expected to impact any group of people in particular

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

The proposed award arrangements are to support the current in-house stores model. Alternatives considered were

- a) **Outsourcing the stores.** Inviting an external supply organisation to either take over our own store and supply Hackney operatives through this building or provide operatives with materials from an external builder's merchant counter.

**Advantages**

- Lets experts run the store, freeing up management time in DLO.
- Potential access to innovation / technological gains.
- Stock control becomes supplier risk

**Disadvantages**

- This would be contrary to the councils strategic aspiration to insource services where practical
- This would have TUPE implications
- Limits access to upstream supply chain and opportunities for further improvements / savings, for example dealing directly with manufacturers.
- Incurs supplier stores overhead costs
- Requires significant ICT integration - tends to lock clients into supplier arrangements as in-house expertise and IT is lost.
- Previous experience of limiting to single national supplier led to problems with managing merchants only supplying own brand inferior items or requiring additional fees to provide suitable materials from alternative manufactures
- Supplier depot location, if in an outlying location, will introduce extra travelling costs to operatives.

- b) **Open tendering** of material supply requirements was considered but would require an extensive pre qualification selection process to guarantee suitable suppliers and to restrict the number of final tenderers in order to make the final evaluation process manageable as typically many proposed equal alternative supply items are offered and must be considered against the tender specification.

This approach, when previously used, resulted in a lack of client control over the product delivery & price list.

Given the size of the total basket of items to [approximately 1,000 items] a large open tender may be an unattractive investment of bidders' resources.

Open tendering would not provide the input support from Pfh and benefits of a framework arrangement as detailed 7.4 a&b

- c) **Direct award through the Pfh Framework** – an option exists to make direct awards to the first ranked supplier in each Pfh material Lot based on the initial framework competition. However, mini-competitions enable Hackney to refine the shopping basket of material items, ensuring the winning suppliers provide best value based on Hackney's specific forecast quantities of individual products rather than the Pfh general basket. It also provides the opportunity to refine the material specifications to more closely reflect Hackney specific requirements.



A direct award misses an opportunity to undertake mini-competitions and potentially enhance value for money. All mini-competitions are benchmarked against the main framework rates to ensure equal or better value.

- d) **Alternative Frameworks.** Consideration was given to alternative framework consortiums. There are limited alternative frameworks available and evidence is lacking that these would offer improved vfm. Also this would lose the benefit of Pfh’s detailed knowledge of our purchasing and the support this brings in refining the product shopping basket. Additionally, several of the existing suppliers remain in the new framework arrangement ensuring the mini competition should deliver equal or better value than current arrangements.
- e) **Multiple Frameworks** the possibility of undertaking tenders in tandem through more than one framework to provide a wider competition was not pursued as
  - It was considered unwise to introduce the complexity of managing multiple procurements in tandem
  - Pfh have a proven track record of delivering value
  - Pfh alone can provide historic purchasing data currently unavailable from our own systems since the cyber-attack in October 2020

However it is proposed the four year contract term be expressed as 2+1+1 so that after the first year when arrangements have settled down it will be possible to undertake a soft market test against other supply frameworks and consider if better value might be available by a formal tendering exercise during year 2.

## 9. TENDER EVALUATION

### 9.1. Evaluation:

The tender evaluation team consisted of the Purchasing & stores manager, the chief estimator and the procurement category manager. Price evaluation was initially undertaken independently by Pfh.

All Pfh Frameworks suppliers have been recruited through OJEU compliant tenders

Tender evaluation was based on 60% quality and 40% price.

	<b>QUALITY EVALUATION</b>	
A1	Living wage Foundation rate compliance	Pass / Fail
A2	Business Continuity & disaster recovery plan in place	Pass / Fail
A3	Health & safety accreditation	Pass / Fail

A4	Quality Management accreditation	Pass / Fail
A5	Social Responsibility Policies & practices	Pass / Fail
A6	Proposed solution	10%
A7	Management of core stock	7%
B1	Supply Chain	4%
B2	Delivery & capability requirements	10%
B3	Contract management & service delivery	6%
B4	Social value	7%
B5	Environmental sustainability	5%
B6	Waste management	5%
B7	IT requirements	6%
	<b>Total quality element</b>	<b>60%</b>

**PRICE EVALUATION 40%** - A pricing schedule of specific material items and quantities was offered for each of the five packages. This schedule was based on the housing repair service 2019/20 purchases as subsequent 20/21 data was lost in data breach in October 20. This schedule of 3,919 items [£2.97m] was then reviewed and minor / low spend items omitted to make the pricing exercise more manageable and attractive to bidders. The schedule was then issued to the in-house repair managers to review and adjust based on local knowledge, changing specifications and future requirements. This resulted in an updated reduced basket of 971 items which accounted for 87% [£2.59m] of material spend.

Bidders were required to price at least 90% of all items in order to be evaluated. Additionally for the pricing element of the submission to be evaluated, bidders had to gain a minimum of half of the 60% quality mark available. All bidders met these conditions

Price score calculation was lowest cost submitted for each package gaining the full 40% mark and other bids awarded scores based on the calculation (Lowest Cost / bid Cost) x Weighting

example (£10,000 / £11,000) x 40% = 36.4%

	Number of bidders for each Package	
i)	Lot 1 Plumbing	5

ii)	Lot 1 Heating	3
iii)	Lot 2 Gas spares	3
iv)	Lot 3 Building materials	3
v)	Lot 4 Electrical	5

## 9.2. Recommendation:

The award of five material supply framework arrangements within the Procurement for Housing framework agreement as four year contracts [2+1+1] to first and second suppliers as set out below and in appendix A. (Ten arrangements in total.)

Note the second ranked supplier will only provide materials

- that the top ranked supplier cannot supply and/or
- in the event that the top ranked supplier's performance fails to meet Hackney's KPI requirements
- non-basket items if better value.

<b>Lot 1 Plumbing</b>	Quality	Price	Total	Rank	Award
Supplier A	40	40	80	1st	<b>1st supplier</b>
Supplier I	39	38	77	2nd	2nd supplier
Supplier C	43	33	76	3rd	
Supplier K	44	29	73	4th	
Supplier E	35	34	69	5th	

<b>Lot 1 Heating</b>	Quality	Price	Total	Rank	Award
Supplier K	44	40	84	1st	<b>1st supplier</b>
Supplier C	43	38	81	2nd	2nd supplier
Supplier I	39	35	74	3rd	

<b>Lot 2 Gas spares</b>	Quality	Price	Total	Rank	Award
Supplier K	44	40	84	1st	1st supplier
Supplier C	43	38	81	2nd	2nd supplier
Supplier H	30	32	62	3rd	

<b>Lot3 Building Materials</b>	Quality	Price	Total	Rank	Award
Supplier G	45	40	85	1st	<b>1st Supplier</b>
Supplier I	39	31	70	2nd	2nd supplier
Supplier E	35	32	67	3rd	

<b>Lot 4 Electrical</b>	Quality	Price	Total	Rank	Award
Supplier F	46	40	86	1st	<b>1st Supplier</b>
Supplier B	48	35	83	2nd	2nd supplier
Supplier J	36	35	71	3rd	
Supplier E	35	30	65	4th	
Supplier D	35	28	63	5th	

## 10. CONTRACT MANAGEMENT ARRANGEMENTS

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

This procurement is a retendering of an existing supply arrangement and will be managed with the existing established Client team led by Bob Brown - Purchasing & stores manager

A suite of Service level agreements and KPI's are included in the contract arrangements. The contract arrangements require suppliers to provide reports on KPI and Service level agreement performance at monthly & quarterly review meetings. The housing repairs section is also currently implementing ROCC software which will enable us to monitor supplier performance. In addition Pfh provides analysis and contract management support as part of their service [free of cost to the council].

The contract arrangements include specific named supplier personnel who will be available for escalation if issues develop.

The contract arrangements provide that if within 28 days of any formal notification that performance falls below 90% of any Primary KPI target performance the supplier does not meet required KPI the council may obtain supplies from the second tier supplier until performance is recovered to the council's satisfaction. This provides an ongoing live backup capacity.

**10.2. Key Performance Indicators:**

To maintain the council's statutory obligations and its intention to provide an excellent repairs service to tenants the Housing services in-house repairs team require a flexible and robust material supply chain which will deliver good value and a high quality service.

The contract arrangements include 7 Key performance indicators and 25 Service level agreements which set the standards the council requires from suppliers in order to meet these intentions. These will be monitored at monthly intervals.

	<b>Main KPI Targets Set</b>	<b>Monitoring</b>
	<b>Primary KPI's</b>	
1.	Core stock availability 98%	report provided at Monthly meeting
2.	Material delivery on time & in full 98%	report provided at Monthly meeting
3.	Rectify missing items in 1 day 98%	report provided at Monthly meeting
4.	Price change [in accordance with contract] 98%	report provided at Monthly meeting
5.	accuracy of invoices 99%	report provided at Monthly meeting
6.	Health & safety 100%	report provided at Monthly meeting
	<b>other KPI's</b>	report provided at Monthly meeting
7	Trade counter - max wait 15 minutes 95%	report provided at Monthly meeting
8	Communication 98%	report provided at Monthly meeting

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

- 11.1. The increase in price, 6.4% on 2019/20 prices represents good value for money in the current circumstances where inflation and material shortages have been inflating prices at a substantial rate.
- 11.2. The budget is available for the current level of spend, however the HRA has been under substantial pressure to accommodate increasing costs to deliver the same service. The budget and spend will be monitored closely and any variances will be investigated

## **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 commissioning exercise to appoint suppliers to deliver to the specified trade packages utilised the Procurement for Housing (PfH) framework agreement. This procedure is allowable under Public Contract Regulation 2015 and its application followed clear procurement and legal guidance and advice throughout the process.

14.2 The call-off contract tender brief was issued to all suppliers appointed to the relevant lots on the PfH framework. Bids were received as detailed in this report and a single stage tender and evaluation exercise was carried out. Clarifications were responded to successfully.

14.3 The challenges of fast rising construction material and supply prices and general economic uncertainty have posed significant challenges in the market. This framework agreement seeks to mitigate price fluctuations by adopting price review periods [Quarterly for lots 1&2 plumbing & heating and annually for lots 3&4 building & electrical]. Suppliers must evidence to Pfh any price increases they wish to claim. Pfh considers these using their own market intelligence indices to test the validity of any claimed increases. Pfh decision on fluctuations is final. This is set out in the call off terms & conditions and contract schedule 3 pricing matrix. The detailed pricing review process is set out in the overarching framework arrangement.

14.4 It is the opinion of the procurement team that this exercise followed a compliant process and has resulted in the Most Economically Advantageous Tender recommendation that meets the CPIC approved business case. Six suppliers are appointed under ten contracts to deliver to five separate trade categories

**APPENDICES**

**EXEMPT** - exempt appendix A tender evaluation matrix

**BACKGROUND PAPERS - None**

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)**

*Note: All Background Papers listed will be published on the Council website.*

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<p><b>Public Space Surveillance (PSS) Monitoring Contract - Award</b></p> <p><b>CONTRACT APPROVAL</b></p> <p><b>Key Decision No. NH S142</b></p>	
<p><b>CABINET PROCUREMENT &amp; INSOURCING COMMITTEE MEETING DATE</b></p> <p>7th November 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>All</p>	
<p><b>CABINET MEMBER</b></p> <p>Councillor Susan Fajana-Thomas, Cabinet Member, Community Safety.</p>	
<p><b>KEY DECISION</b></p> <p>Yes</p> <p><b>REASON</b></p> <p>Affects two or more wards Spending</p>	
<p><b>GROUP DIRECTOR</b></p> <p>Rickardo Hyatt, Group Director, Climate, Homes and Economy.</p>	

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

- 1.1. This report seeks approval for the award of a 7-year contract (3 + 2 + 2 years) for the provision of Public Space Surveillance (PSS) Operators by a competitive tendering exercise undertaken by the Civil Protection Service with support from the Procurement Service.
- 1.2. As per council standing order 4.8, the value of this contract is up to approx £4.27m, which is over the £2m threshold stipulated in the Council's Contract Standing Orders (CSO) and has to therefore come to the Cabinet Procurement & Insourcing Committee (CPIC) for review and approval.
- 1.3. The staff employed under the contract actively increase the safety of the public, Council staff and Police Officers throughout Hackney and are a vital part of the Council's work to reduce crime and increase safety.
- 1.4. It was not feasible to in-source, as agreed at the CPIC meeting on 17th January 2022. This contract has break points built into the proposed at year end 3 and 5 to allow the feasibility of this option to be further investigated.

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

- 2.1. This report seeks a decision to award the Public Space Surveillance (PSS) Monitoring contract for a period of three years from 1st December 2022 to 30th November 2025 with the option to extend for a further two, two year periods providing a total possible contract period of seven years.
- 2.2. The existing contract was awarded in 2012 and ran for a five year period, it was extended for 3 years in 2017, for a further 2 years in 2020 and for 8 months in April 2022, to enable time for the procurement process.
- 2.3. The Civil Protection Service's PSS Team has carried out a tender process with the assistance of the Procurement team. This paper provides a summary of the bidders involved and recommends the preferred award option.
- 2.4. The Chair of Hackney Procurement Board has confirmed that they are exercising discretion in respect of this Report and therefore it is being presented to the Cabinet Procurement & Insourcing Committee for their approval.

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

- 3.1. **To approve the award of the new Public Space Surveillance Monitoring contract commencing 01/12/2022 to Supplier C for a period of three years with the option to extend for a further two, two year periods providing**

a total possible contract period of seven years, for the estimated contract value of £4.5m.

- 3.2. The spend for 2022/23 is contained within the existing budget. The annual 'cost of living' salary increases will necessitate a budget increase each year, in the same manner that staff budgets are increased.

#### 4. RELATED DECISIONS

- 4.1. **FCR S046** - CPIC Business case for [Public Space Surveillance \(PSS\) Monitoring contract](#)

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

- 5.1 Following the approval of the CPIC business case (FCR S046), a tender process was executed by Procurement and the Civil Protection Service, the bids were evaluated and moderated and a preferred bidder was selected.
- 5.2 The existing contract was awarded on 1st April 2012 and ran for a 5 year period. It was extended for 3 years in 2017, and for a further 2 years in 2020, both extensions were provided for within the original contract. The current contract is due to expire on 30<sup>th</sup> November 2022, after an extension was granted by CPIC meeting in January 2022. This report seeks permission to award a new contract to the recommended Supplier **C** for a seven year contract for the PSS Monitoring service with the option to exercise 'no penalty break clauses' at years 3 and 5. The estimated cost of the initial 3 year period is [£1.76m](#). The PSS Team has carried out a study into insourcing to consider this as an option for the service and presented options to CPIC, resulting in a decision to not in-source the service.
- 5.3 A detailed Business Case and Options Appraisal was undertaken, as detailed in the previous report referred to in 4.1. The decision was made to let a new 'out-sourced' contract using similar terms and conditions for staff to the existing contract.
- 5.4 **ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED)**

In-Source and cease licensable activity, to remove the need for licensing.

1. In-Source and obtain 'non front line' Security Industry Authority (SIA) licences for all suitable staff and Councillors. This would be required to comply with information management law.
2. **Let a new 'out-sourced' contract using similar terms and conditions for staff to the existing contract.** (this was the preferred option).
3. Let a new 'out-sourced' contract using enhanced terms and conditions for staff, bringing their terms and conditions in line as much as possible with Council staff.

4. To set up an independent Trading Company to undertake the PSS monitoring service.

## **6. PROJECT PROGRESS**

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

None

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

As part of the business case put forward at CPIC in January 2022, the estimated cost of a new contract was £4.27m (£540k per annum plus London Living Wage (LLW) pay rise increases at an **estimated** 4% per annum) based on a 7 year contract (3+2+2 years). The cost increase per annum is caused by the annual increase in staff pay to reflect changes in Local Government pay or the LLW. Therefore, the whole life cost from November 2022 to November 2029 is estimated at £4.27m.

The recommended supplier has provided a price of £526,874.71 per annum for the basic service provision, which will be charged pro-rata and monthly until the London Living Wage annual increase takes effect in April 2023. This does not include additional hours ordered within the year to cover special operations such as the Carnival. Although this represents a prima face cost saving, the amount saved will be needed for uniform provision. Uniforms will be provided by the Council, whereas in the current contract they are provided by the Contractor.

### **6.3. SAVINGS**

There are no cashable savings projected for the lifetime of this contract.

## **7. SUSTAINABILITY ISSUES**

### **7.1. Procuring Green**

As this was a contract for the supply of staff the Procurement Impact Assessment (PRIMAS) did not identify any issues in relation to this contract.

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

The pay for staff involved in delivering this contract will be a minimum of the LLW and annual pay increases linked to local authority increases will be implemented.

For the first time in 2005, with a past contract, the Council established the contractual condition that PSS Operators would have a set wage which would increase by a percentage amount equivalent to the previous year's Local Authority (LA) pay rise, with set percentage pay bands between ranks.

There was a contingency that if LA pay stalled (as it did during the 'austerity' years) then PSSOs would receive a pay rise. Firstly to keep the starting salary no lower than the LLW which will honour the LLW commitment made by the Mayor and secondly to maintain rank structure differentials.

The procurement process included a number of social value questions to ensure the successful contractor maximises social, economic and environmental benefits to London Borough of Hackney's residents and businesses. 20% of the quality marks were devoted to providing apprenticeship training and job opportunities for local people and supporting local charities, volunteering and work experience opportunities. Tenderers were required to set out how their business contributes towards these objectives and further these throughout the life of the contract.

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

It was identified as part of the PRIMAS that Public Space Surveillance Monitoring has an impact on the local community by contributing towards a reduction in crime and the fear of crime. The award of this contract will have a positive contribution to the reduction in crime and the fear of crime within Hackney.

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

The Equality Impact Assessment indicated that the tendering of this contract from an external supplier does not have any greater or lesser impact on account of sexual orientation, age, disability, ethnicity, gender, religion or belief.

The Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) will apply to all permanent posts. However as the recommendation is for the award of the contract to the existing supplier then TUPE will not be a factor in the award of this contract.

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

1. In-Source and cease licensable activity, to remove the need for licensing.
2. In-Source and obtain 'non front line' Security Industry Authority (SIA) licences for all suitable staff and Councillors. This would be required to comply with information management law.
3. **Let a new 'out-sourced' contract using similar terms and conditions for staff to the existing contract.** (this was the preferred option selected by CPIC in the [meeting of 17/01/2022](#)).
4. Let a new 'out-sourced' contract using enhanced terms and conditions for staff, bringing their terms and conditions in line as much as possible with Council staff.
5. To set up an independent Trading Company to undertake the PSS monitoring service.

## 9. TENDER EVALUATION

### 9.1. Evaluation:

This tender was above the procurement threshold and therefore, subject to the public contract regulations. The open tender procedure was used and a find-a-tender notice was completed. The tender was administered via the Pro-Contract web portal. TUPE regulations applied to this tender and legal advice was sought. TUPE Stage 1 information was issued to bidders in compliance with the council's Declaration of Confidentiality procedures.

- A list of contractors who expressed an interest is shown in Appendix A: [List of Contractors DN618422](#) (exempt).
- There were:
  - 6 bids received - all were accepted.
  - 0 late submissions.
  - 6 contractors opted not to bid.
  - 26 further expressions of interest.
- 8 quality questions were evaluated by a panel that consisted of three suitably qualified council officers:
  - The Public Space Surveillance Manager
  - The CCTV Technical Supervisor
  - The CCTV Technical Engineer
- The Standard Questionnaire (SQ) checks and due diligence were done by the Procurement Category Manager.
- The pricing element was evaluated by the service area's Resilience & Technical Officer.
- The result of the tender is shown in Appendix B: [Tender Result DN618422](#) (exempt).
- The tender was evaluated using the MEAT (Most Economically Advantageous Tender) process according to the following weighting:
  - Quality responses to the evaluation questions (50%)
  - Bidders pricing submission (40%)
  - Social Value (10%)

- 9.2. **Recommendation:** It is recommended that Supplier C is awarded this contract due to them supplying a fully compliant bid that met all mandatory

requirements as stated in the 'Invitation to Tender' documentation and their bid scoring the highest using the MEAT evaluation process. Supplier C submitted the highest scoring quality bid. This is a very competitive market and profit margins are low, supplier C is a profitable company and is able to provide a parent bond if required. Supplier C is an established company within this market and submitted an acceptable business continuity plan. Supplier C's price submission was 3% higher than the lowest bid. Supplier C had requested the TUPE Stage 1 documents so were fully aware of the associated implications.

	<b>Price Score (40%)</b>	<b>Quality (50%)</b>	<b>Social Value (10%)</b>	<b>TOTAL SCORE</b>
Supplier A	39.78%	11.40%	2.00%	53.18%
Supplier B	36.92%	33.00%	6.00%	75.92%
Supplier C	37.61%	38.60%	6.00%	82.21%
Supplier D	40.00%	27.20%	6.00%	73.20%
Supplier E	39.32%	24.40%	6.00%	69.72%
Supplier F	38.93%	20.00%	6.00%	64.93%

## 10. CONTRACT MANAGEMENT ARRANGEMENTS

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

10.2. TUPE does not apply to this contract as the successful bidder is the incumbent supplier.

10.3. The Contract will be managed by the Public Space Surveillance Manager within the Civil Protection Service.

### 10.4. Key Performance Indicators:

<b>Main KPI Targets Set</b>	<b>Monitoring</b>
<b>1</b> Percentage of staff who Possess a Full, Manual UK Driving Licence	Monitored via Monthly Contract Meeting
<b>2</b> Level of Attendance by the Service Provider's Staff for Standard Rostered Hours	Monitored via Monthly Contract Meeting
<b>3.</b> Level of Category 'A', B' and 'C' (Compulsory) Staffing Hours Requests Met	Monitored via Monthly Contract Meeting
<b>4.</b> Uniform (Including Health & Safety Gear)	Monitored via Monthly Contract Meeting

5. Level of SIA Accreditation for Staff	Monitored via Monthly Contract Meeting
6. Council Satisfaction Score	Monitored via Monthly Contract Meeting

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

- 11.1. This report asks for permission to award a new Public Space Surveillance Monitoring contract to Marston Holdings beginning in December 2022 for a term of three years with the option to extend for two further two-year periods, for a total possible contract term of seven years.
- 11.2. For the first three years, it is anticipated to cost £1.76 million (or £587k each year). It is projected that the contract will cost £4.5 million over seven years, including possible extension periods. During the term of the contract, it is assumed that an increase in budget will be needed to account for London Living Wage (LLW) rises, which explains the cost increase from the existing budget allocation of £521k annually. As part of the Council's medium-term financial planning, this increase will need to be considered.

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

None

## **13. COMMENTS OF THE DIRECTOR, LEGAL & GOVERNANCE 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 and compliance with the Public Contracts Regulations 2015 has been ensured.

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

- 14.1. The procurement was advertised and managed in full compliance of the PCR 2015 Regulations, via the ProContract web portal and in line with Hackney Borough Council's Contract Standing Orders. The open tender procedure was used and full due diligence was undertaken.



- 14.2. Compliance checks were undertaken by the Procurement Category Manager and the quality evaluation was undertaken by 3 suitably experienced officers and scores were moderated at a meeting facilitated by the Procurement Category Manager.
- 14.3. Whole life costs were evaluated by a suitably qualified and experienced person from the services area's department.
- 14.4. TUPE regulations were complied with throughout the tender process under the guidance of Hackney Borough Council's legal department.
- 14.5. References submitted by the successful tenderer were checked. They were found to be true and accurate.
- 14.6. The Procurement Category Manager checked the successful tenderer's financial standings against Hackney's 'Economic and Financial Standing Evaluation' criteria. The tenderer passed all the checks.
- 14.7. The award of this tender is endorsed for the reasons stated above.

## **APPENDICES**

Appendix A: List of Contractors DN618422 (exempt)

Appendix B: Tender Result DN618422 (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.

### **Category Condition**

1. Information relating to an individual.
2. Information which is likely to reveal the identity of individual
3. Information relating to the financial or business affairs of any particular person (including the authority holding the information)
4. Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority.
5. Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

6. Information which reveals that the authority proposes
  - a) to give under any enactment a notice under or by virtue of which requirements are imposed on a person; or
  - b) to make an order or direction under any enactment
7. Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

**CONFIDENTIAL**

None

**BACKGROUND PAPERS**

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

**Description of document (or None)**

None

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