



London Borough of Hackney – Decisions taken by the Cabinet Procurement and Insourcing Committee on Monday 13 February 2023

Decisions listed below that are Key Decisions will come into force and may then be implemented on the expiry of 5 clear working days after unless called-in by at least 5 non-executive members in writing and submitted to the Monitoring Officer.

Agenda Item No	Topic	Decision																					
7	FCR S142 Procurement of Core Insurance Provision	<p><b>RESOLVED:</b></p> <ol style="list-style-type: none"><li>1. To note the various options considered in the procurement of the Council Insurance contracts.</li><li>2. To agree the award of contracts for the following insurance services:</li></ol> <table border="1"><thead><tr><th data-bbox="837 783 958 810">LOT No.</th><th data-bbox="1151 783 1379 815">Policy Coverage</th><th data-bbox="1621 783 1906 810">Successful Provider</th></tr></thead><tbody><tr><td data-bbox="837 852 853 879">1</td><td data-bbox="1151 852 1379 879">Property Deferred</td><td data-bbox="1621 852 1787 879">See Item 3.4</td></tr><tr><td data-bbox="837 922 853 949">2</td><td data-bbox="1151 922 1518 986">Casualty (Liability) &amp; Fidelity Guarantee</td><td data-bbox="1621 954 1753 986">Supplier G</td></tr><tr><td data-bbox="837 1023 853 1050">3</td><td data-bbox="1151 1023 1301 1050">Motor Fleet</td><td data-bbox="1621 1023 1753 1054">Supplier F</td></tr><tr><td data-bbox="837 1093 853 1120">4</td><td data-bbox="1151 1093 1451 1157">Engineering Inspection &amp; Insurance</td><td data-bbox="1621 1125 1753 1157">Supplier B</td></tr><tr><td data-bbox="837 1200 853 1227">5</td><td data-bbox="1151 1200 1518 1264">Personal Accident/Business Travel</td><td data-bbox="1621 1232 1753 1264">Supplier H</td></tr><tr><td data-bbox="837 1300 853 1327">6</td><td data-bbox="1151 1300 1279 1327">Terrorism</td><td data-bbox="1621 1300 1753 1332">Supplier A</td></tr></tbody></table>	LOT No.	Policy Coverage	Successful Provider	1	Property Deferred	See Item 3.4	2	Casualty (Liability) & Fidelity Guarantee	Supplier G	3	Motor Fleet	Supplier F	4	Engineering Inspection & Insurance	Supplier B	5	Personal Accident/Business Travel	Supplier H	6	Terrorism	Supplier A
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		<p>3. To approve officers to proceed with the contracts to ensure that insurance cover is in place for 1st April 2023.</p> <p>4. To delegate authority to the Group Director, Finance and Corporate Resources to award the contract for the [lot 1 - Property] contract under terms as shall be agreed, in consultation with the Chair of Cabinet Procurement and Insourcing Committee, 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.</p> <p><b>Reason(s) For Decision / Options Appraisal</b></p> <p>The Council will always be exposed to a range of risks, some of which are insurable and others are uninsurable. The purchase of an effective insurance portfolio manages the potential exposure of the Council to the insurable risks.</p> <p>The portfolio includes a significant degree of self-insurance, thereby avoiding what can best be described as “pound swapping” i.e. the additional premiums paid for low or no excess on insurance policies effectively cost £1 for £1 on meeting claims payments plus associated costs, and ensuring that the Council benefits from the reduction in claims.</p> <p>This report covers the insurance policies and arrangements which are due for renewal on 1st April 2023 and excludes the residential leasehold buildings insurance contracts, which are still within contract and which have historically been served by a separate procurement exercise.</p> <p>As mentioned in the Cabinet Member’s introduction, there was some concern that insurance</p>

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		<p>premiums the Council could have faced prior to the procurement exercise would have resulted in increased costs to the Council. There was further concern that in the marketplace some insurers maintained caution about the risk profile of the public sector. Consequently the Council's Insurance Services Team has worked hard to mitigate claim exposures and to demonstrate to leading Insurers that the Council has implemented effective control measures and is willing to work hard in partnership with them to transfer or mitigate the risks it is exposed to.</p> <p>Recommendations to award the contracts to the list of suppliers set out in the main section of this report for Lots 2-6 are the most economically advantageous. This reflects high quality scores for those selected. The price/quality evaluation varied between the types of insurance and a full breakdown of what this covered is included within Appendix B - Costs &amp; Service Comparison Summary (Exempt)</p> <p>In total the estimated savings in respect of Lots 2 - 6 for the 2023/24 premium over the current contracts are expected to be c.£90k, with the largest saving arising from the Casualty cover. If these premium levels were held throughout the 3 year contract, total savings would amount to c.£270k or c.£450k if the contracts remained in place for the full 3 + 2 year extension. Please note that the premiums quoted within the report are subject to normal increases in line with index linking, higher rates of Insurance Premium Tax, increased rebuilding costs, changes to assets and our claims performance.</p> <p>As in previous years the cost of claims falling within the policy excess and for which the Council is responsible are met from the internal insurance fund and provision. These funds are reviewed annually (externally biennially) and the appropriate adjustments made within the normal finance activities.</p> <p>Recommendation(s) relating to the award of Lot 1 - Property is deferred pending further detailed assessment of the proposed terms in the context of certainty of cover, coverage,</p>

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		<p>conditions applied and compliance with the Council’s risk appetite.</p> <p>Evaluation and assessment of Lot 1 - Property continues with the support of Marsh and appropriate stakeholders within the Council. In order to facilitate the detailed impact analysis and financial implications beyond the accepted risk appetite and to ensure there is sufficient time to mobilise the contract in time for the expiry of the existing contract on 31 March 2023.</p>
8	<p><b>AHI S171 ADVOCACY SERVICES CONTRACT AWARD</b></p>	<p><b>RESOLVED:</b></p> <ol style="list-style-type: none"> <li>1. To award the contract for the delivery of the Advocacy Service to Provider C for a period of up to 5 years commencing in June 2023 at a maximum cost of £2,645m (an average of £529k per annum). The contract is for 3 years with the option to extend for up to 2 years (1+1);</li> <li>2. To award an extension to the current providers of the Advocacy Service, for a period of 2 months (April - May 23) at maximum value of £104,707.00 (£97k &amp; £7.7k) . This is to enable the newly appointed bidder to mobilise effectively, without disruption to service delivery.</li> </ol> <p><b>Reason(s) For Decision / Options Appraisal</b></p> <p>This report asks CPIC to approve the award of contract for an Advocacy service under a lead provider aimed at supporting vulnerable cohorts who are in need of advocacy services to support their well-being, enable them to have their voices heard and to live their lives in dignity and in accordance with their wishes</p> <p>This provision will enable the Council to meet its statutory obligations with regard to providing independent advocacy services as required under the relevant Acts referred to in section 2.2.</p>

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		<p>The contract will deliver advocacy support to meet local need through a range of community providers under the leadership and direction of a lead provider.</p> <p>The current Advocacy services in the London Borough of Hackney are designed to provide issue-based advocacy and can be categorised as statutory and non-statutory advocacy services.</p> <p><b>Alternative Options (Considered and Rejected)</b></p> <p>The following 5 options were appraised for the future of the Advocacy provision in the borough:</p> <ul style="list-style-type: none"> <li>• Alternative Option 1: Insource</li> <li>• Alternative Option 2: Remain As Is</li> <li>• Alternative Option 3: Activity Based Contract</li> <li>• Alternative Option 4: Separate Contracts/Multiple Providers</li> <li>• Alternative Option 5a: No Non Statutory Advocacy Delivery:</li> <li>• Alternative Option 5b: Reduced Non Statutory Delivery</li> <li>• Alternative Option 5c Seek Separate Funding</li> </ul> <p>Hackney Procurement Board approved the business case for the preferred procurement option in September 2022</p>
<b>9</b>	<b>FCR S117 MODERN TOOLS FOR HOUSING PROGRAMME TRANSITION SUPPORT</b>	<p><b>RESOLVED:</b></p> <p>To approve a contract variation, to extend by a maximum period of six (6) months, the current contract for Modern Tools for Housing software development services.</p>

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		<p><b>REASONS FOR DECISION &amp; OPTIONS APPRAISAL</b></p> <p>The proposed contract variation is essential to enable continued delivery of essential software tools for housing services and ensuring an effective transition to in-house delivery and support.</p> <p>The cyberattack of October 2020 has impacted significantly on the Modern Tools for Housing programme because that meant that the previous housing system (Universal Housing) became unavailable and it was therefore no longer possible to deliver a phased migration from the old system to new software. As a result, teams in housing services have been required to use interim solutions to deliver services while new software is delivered.</p> <p>Following the decision to commission a strategic review of the housing service’s technology needs it was necessary to identify the best value approach for continued delivery of current work in progress while the review takes place and ongoing direction is agreed. Variation of the current contract is recommended on the grounds that:</p> <p>The work required covers critical functionality required by the housing service. The variation includes transition to the in-house ICT team for support and further development of essential functionality pending the completion of the strategic review. No further variation of this contract will be required.</p> <p>Variation of the current contract removes the requirement for transition / handover, so the pace of delivery is uninterrupted while the strategic review is in progress.</p> <p><i>Variation of this contract is permitted under Regulation 72 which states:</i></p>

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		<p><i>72(1)(b) for additional works, services or supplies by the original contractor that have become necessary and were not included in the initial procurement, where a change of contractor—</i></p> <p><i>(i) cannot be made for economic or technical reasons such as requirements of interchangeability or interoperability with existing equipment, services or installations procured under the initial procurement, and</i></p> <p><i>(ii) would cause significant inconvenience or substantial duplication of costs for the contracting authority,</i></p> <p><i>provided that any increase in price does not exceed 50% of the value of the original contract</i></p> <p>The proposed variation is 50% of the original contract value. Changing contractor is not considered viable for the reasons set out in 5.3 (above). Specifically, a change of contractor would:</p> <ul style="list-style-type: none"> <li>• Delay the delivery of essential functionality required by Housing services, whose legacy system was rendered unavailable by the criminal cyberattack of October 2020.</li> <li>• Incur additional costs and significant inconvenience through requiring transition to a new contractor and delaying the transition to the in-house support and development model.</li> <li>• Incur duplication of costs through otherwise unnecessary handover prior to the transition to in-house support and development.</li> </ul> <p>No further variation will be required once the transition to the in-house model is complete.</p> <p>The Director of Climate Homes and Economy Finance has confirmed that this additional expenditure can be funded from within their existing budgets and no other additional funding will be required.</p>

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