



# CABINET PROCUREMENT AND INSOURCING COMMITTEE

Monday 13 February 2023  
at 5.00 pm Council Chamber, Hackney Town Hall,  
Mare Street, London E8 1EA

The live stream can be viewed here:  
Main - <https://youtu.be/-U4hWP1Y5os>  
or Backup – <https://youtu.be/hLMKWuVk18M>

## 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**  
**Friday 3 February 2023**  
[www.hackney.gov.uk](http://www.hackney.gov.uk)

Contact:  
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# **Cabinet Procurement and Insourcing Committee**

## **Monday 13 February 2023**

### **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 10 below. New items of exempt urgent business will be dealt with at Item 15 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.

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#### **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) (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.

This agenda contains exempt items as set out at Items 13 to 15.

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.

This agenda contains exempt items as set out at Item 13 to 15.

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.

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

#### **6 UNRESTRICTED MINUTES OF THE PREVIOUS MEETING OF CABINET PROCUREMENT COMMITTEE (Pages 11 - 21)**

To confirm the unrestricted minutes of the meeting of Cabinet Procurement Committee held on 16 January 2023.

#### **7 FCR S143 PROCUREMENT OF CORE INSURANCE PROVISION**

TO FOLLOW

The report under item FCR S143 Procurement of Insurance Core Provision is, at the time of this publication, unavailable due to necessary validation and due diligence checks.

#### **8 AHI S171 ADVOCACY SERVICES CONTRACT AWARD (Pages 23 - 47)**

**9 FCR S117 MODERN TOOLS FOR HOUSING PROGRAMME TRANSITION SUPPORT (Pages 49 - 54)**

**10 ANY OTHER UNRESTRICTED BUSINESS THE CHAIR CONSIDERS TO BE URGENT**

**11 DATE OF FUTURE MEETINGS**

Meetings will be held on:

13 March

17 April

**12 EXCLUSION OF THE PUBLIC AND PRESS**

Note from the Governance Services Manager

Item(s) 13 to 15 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 13 to 15 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 FCR S143 PROCUREMENT OF CORE INSURANCE PROVISION**

TO FOLLOW

The report under item FCR S143 Procurement of Insurance Core Provision is, at the time of this publication, unavailable due to necessary validation and due diligence checks.

**14 AHI S171 ADVOCACY SERVICES CONTRACT AWARD (Pages 55 - 56)**

**15 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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## DRAFT MINUTES OF THE MEETING OF THE CABINET PROCUREMENT AND INSOURCING COMMITTEE

MONDAY 16 JANUARY 2023, 5pm

Livestream link: <https://www.youtube.com/watch?v=IAF5oJICAHA>

### Councillors Present:

Councillor Robert Chapman in the Chair  
Cllr Caroline Woodley  
Cllr Christopher Kennedy

**Apologies for lateness:** Cllr Anntoinette Bramble (arrived at 6.15)

### Also in Attendance:

Rotimi Ajilore, Head of Procurement  
Tessa Mitchell, Governance Services Team Leader

### Officers in Virtual Attendance:

Jennifer Milmore, Senior Public Health Practitioner  
Jonathan Lyons, Head of Marketing & Commercial Services  
Ola Akinbinu, Contract Delivery Manager, Capital Projects  
Merle Ferguson, Procurement Strategy and Systems Lead  
Divine Ihekwoaba, Procurement Category Lead  
Leila Gillespie, Procurement Category Lead  
Lola Olawole, Public Health Commissioning Manager  
Patrick Rodger, Senior Lawyer  
Sinead Burke, Head of Property and Asset Management

## 1. APOLOGIES FOR ABSENCE

1.1 Apologies for lateness were received from Cllr Annotinette Bramble.

## 2. URGENT BUSINESS

2.2 There was no urgent business to consider.

## 3. DECLARATION OF INTEREST - MEMBERS TO DECLARE AS APPROPRIATE

3.1 Cllr Binnie-Lubbock declared that he is a member of AdBlock Hackney.

## 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 Since the publication of the agenda questions were received from Mr Vincent Stops, Muriel Gordon MBE and Cllr Binnie-Lubbock. The questions were taken together with the relevant agenda item.

**6. UNRESTRICTED MINUTES OF THE PREVIOUS MEETING OF CABINET PROCUREMENT COMMITTEE HELD ON 5 DECEMBER 2022**

**Matters Arising**

The Chair flagged the new approach to develop and publicise an action tracker which will be appended to the minutes going forward. The Chair also advised of his intention to widen the remit of the Cabinet Procurement Insourcing Committee pre-meetings held with the Head of Procurement to include members of the Committee.

**Action Tracker Update**

The Committee noted the outstanding action with respect to Agenda Item 9 on Communal Heating. Since the previous meeting, all other actions have been resolved.

**RESOLVED:**

**That the unrestricted minutes of the Cabinet Procurement & Insourcing Committee held on 5 December 2022 are agreed.**

**7. AHI S172 INTEGRATED MENTAL HEALTH NETWORK - CONTRACT AWARD CONTRACT APPROVAL**

Jennifer Millmore, Senior Public Health Practitioner introduced the report and advised the Committee that the service is designed to support residents with complex mental health needs. It has a focus on those who struggle with intersecting disadvantages and find it hard to get the support they need. The service is built on a previous high performing model and will continue to offer person-centred and holistic mental health support with a strong emphasis on service user control.

The new service will also increase the number of community and mental health providers, and will also include a new lower level preventative opportunities model with increased flexibility and focus on continuous learning.

Cllr Woodley, queried the number of expressions of interest and stated that City and Hackney has the highest rate of mental health in the country. Cllr Woodley welcomed the understanding of intersectional disadvantages and commitment to a holistic approach.

In response, the Senior Public Health Practitioner advised that they tried hard to contact other providers. The only bid received is made up of a number of specialist providers. The Public Health team are planning a lessons learnt session to see if there is anything more that could have been done and added that one-off funding was used to help fund community providers to ensure that they had the skills and experience to work with commissioners.

The Committee noted that an additional appendix was published as part of the supplementary pack with an exempt appendix sent to Committee members.

The Chair recalled the business case that came to the Committee in July 2022 and the challenging questions posed at the time. The Chair also asked that it be noted for the record that his partner, Elizabeth Clowes used to be the Chair of Hackney Mind some years ago.

**ACTION:**

**Senior Public Health Practitioner to share the lessons learned report with Committee Members when available.**

**RESOLVED:**

**To agree the award of the Integrated Mental Health Network service contract to Provider A for a period of up to a maximum of 4 years (2 years +1 year +1 year) from 1st July 2023. The total value of the contract will be a maximum of £5,377,000 (£1,344,350 per year).**

**8. CED S154 EXTERNAL ADVERTISING CONTRACT - CONTRACT AWARD CONTRACT APPROVAL**

Jonathan Lyons, Head of Marketing & Commercial Services introduced the report. In his introduction, Mr Lyons said that a good amount of interest from the market was received though only four bids were completed by the deadline. The procurement seeks to deliver an overall reduction in advertising sites across the borough, enhancing the out of payment communication channel whilst significantly increasing the Council's income subject to planning permission.

The procurement pricing section was a 40:10 split on annual income and a one-off social value offer. The report sets out that the winning bidder paid £150,000 social value offer and an annual income of £126,000 year on year. The Council will not be investing any capital costs nor making maintenance payments during the life cycle of the contract. The contract has been reduced from 25 years to 10 years with an option to extend by a further 5 years. The Head of Marketing & Commercial Services added that all of the bids were of good quality providing the best financial income. The bidders provided excellent energy credentials to include sourcing sustainable energy in the upgrade and to digital technology and ISO accreditation for environmental management to help meet their own net zero objectives.

Though noted in the report, Cllr Kennedy asked Head of Marketing & Commercial Services to expand for the record on the considerable work done on the sites to include working with visually impaired stakeholders. In response, Mr Lyons stated that they worked across Planning, Streetscene, Environmental Waste, Policy teams and Councillors to engage stakeholders. They followed a planning performance approach that was led by Planning in pre-application stage that delivered the report. This led to the specific deactivation of units in Shoreditch.

Final consultation was with a Councillor and blind resident that involved walking along the A10 from Shakewell towards Dalston to advise of issues surrounding our residents with visual disabilities. As a result of this, specifications were adjusted for example 90 degree angle to the pavement. New technologies will be built into the unit and also offer a technology supplement to use around the borough.

#### **QUESTIONS:**

Questions from Cllr Binnie-Lubbock and response - refer to Appendix 1.

Questions from Mr Stops read by the Chair - refer to Appendix 1.

The Chair thanked officers for their work and contributions.

#### **ACTION:**

Head of Marketing & Commercial Services to provide a written response to Cllr Binnie-Lubbock's questions.

#### **RESOLVED:**

**To agree that Supplier 2 is awarded the new digital only advertising contract.**

#### **9. CHE S157 FRONT ENTRANCE DOOR REPLACEMENT PROGRAMME - CONTRACT AWARD CONTRACT APPROVAL**

Sinead Burke, Head of Property and Asset Management advised of the two contractor awards proposed for front entrance doors for properties that qualify for new doors. Each property will subject to a surveyor's report and fire risk assessment for the building.

The term of the contract being sought is an initial one year term with the option to extend. The reason for two contractors is to help with the delivery in case one fails. The tender itself was operated by an external consortium and they would have identified eight companies who were assessed and qualified

to join the framework. Contractors will work with residents to choose a style of door though noted that the range is limited due to design standards.

Deputy Mayor Bramble asked that with limitation on the specification of doors, would that have an impact on sustainability and availability to supply? Cllr Kennedy mentioned issues around peeling of doors due to sunlight and questioned the arrangements on the KPIs around customer satisfaction.

In response, the Head of Property and Asset Management stated that the specification is limited because there are not many doors on the market that can meet the standard and therefore unable to provide a range in terms of style and choice of door. The doors are expensive to produce as they are made of sustainable timber doors with an expected life span of approximately 30 years. The doors will not have the foiled layers so should not peel. High standards have been set for customer standards and satisfaction.

**ACTION:**

**Head of Property and Asset Management to provide a written response to Muriel Gordon, MBE**

**RESOLVED:**

**To approve the award of contracts for Front Entrance Door Replacement works to Bidder 3 and Bidder 4 in Appendix A (Exempt) via the South East Consortium framework, for an initial one (1) year term and an option to extend a further one (1) year, for a maximum combined spend of £30m.**

**To approve the replacement of all required doors in properties within blocks six stories or higher (up to 9,000 doors), where the work is not rechargeable to leaseholders.**

**10. ANY OTHER UNRESTRICTED BUSINESS THE CHAIR CONSIDERS TO BE URGENT**

There was no urgent unrestricted business considered.

**11. ANY OTHER EXEMPT BUSINESS THE CHAIR CONSIDERS TO BE URGENT**

12. There was no urgent exempt business considered.

**Duration of the meeting: 5.00 - 6.05pm**

Councillor Robert Chapman  
Chair of the Committee

## **APPENDIX 1:**

### **Questions and responses to Cabinet Procurement Insourcing Committee 16 January 2023**

#### **8. CED S154 External Advertising Contract - Contract Award Contract Approval**

##### **Questions from Cllr Binnie-Lubbock responded to by the Head of Marketing & Commercial Services**

###### **Question 1**

*5.8 - Assuming a number of the advertising sites get refused, is there an income level at which proceeding with the new digital units becomes resource ineffective and would jeopardise the contract? Is the one-off payment from the supplier dependent on all 31 sites being approved?*

###### **Response:**

Assuming whether a site will or will not receive planning permission/consent before it has been submitted undermines the independence of the planning authority and process. We have not made such assumptions and therefore not calculated such an answer. I would like to remind the Councillor, that there is no capital investment, nor maintenance costs to the Council associated with this contract.

###### **Question 2**

*5 - 11.1 / 12.4 - it's not clear whether the replacement billboards will need to go through the planning process and be open to public consultation / objections. I think this is really important as I believe the new digital advert infrastructure is larger than what it is replacing and we have no access data confirming for certain that these sites had planning permission in the first place. I have lodged objections to all of these sites and I know others have not objected to these sites because it was stipulated in the original contract that they would be removed at the end of the contract. However, these residents would have objected to these sites if there were plans for replacement. Will all of the sites be live on the planning portal, including TfL sites, if plans for this replacement goes ahead?*

*Where it says in Appendix 3 - "No objection is likely to be raised for a replacement sign in this location." does this mean from the planning department or from the public at large? If from the public I would like to suggest that this is not borne out by the facts. Awareness of the harms of advertising is ever growing and as we recently saw, similar digital billboards received over 100 objections when they were submitted last year.*

###### **Response:**

All planning permission applications will be live on the portal.

The pre-application advice focused solely on the planning merits of the proposal. Planning consent is granted by the relevant planning authority which, in this instance, is Hackney Council.



It should also be noted that planning permission was refused due to the assessment work carried out by the Council during the contract extension period in 2022. Following a planning performance approach, and given these sites had conditional consents associated with them, the Council determined that would be unsuitable for future consents due to the change and development in the local area.

### **Question 3**

*Will it be possible for the council to amend the advertising and sponsorship policy during the duration of this contract to include undesirable content / products as they arises / reach the market, or if an agreement is reached about how to designate a product or industry as "carbon intensive"?*

### **Response:**

Yes - 1.3 vi indicates that the policy is subject to ongoing updates by the Council. However any future updates or additions, will need a robust source of evidence based similar to the current evidence for HSSF.

## **Questions from Mr Vincent Stops responded to by the Head of Marketing & Commercial Services**

### **Question 1**

*There appears to be no reference to TfL being the highway authority for most of these hoardings. The report says planning consent is needed from TfL as well as Hackney. However, TfL is NOT a planning authority, it is the highway authority. There is no mention in the legal comments about any Highways Act requirements and permissions from TfL. I have been told by Hackney there has been no communication with TfL regarding permission to award a contract for advertising on its pavements.*

### **Response:**

Response from Planning - The pre-application advice focused solely on the planning merits of the proposal. Planning consent is granted by the relevant planning authority which, in this instance, is Hackney Council. Any other required consent lies outside of the planning authority's control and is separate to the planning process.

There is no mention in the legal section as we are firstly seeking approval to award a contract at this point. POint 5.8 in the paper clearly highlights that planning permission will need to be carried out on any future sites, which would be the time to engage with TFL if and when an agreement is required.

### **Question 2**

*The only public benefit is financial and a reference to how beneficial communication with the public is. There is no mention of the proportion of air time the council will get from the contract. 10% of the air time has been suggested previously. There is no*

*mention that with the extant contract the council has 50% use of these boards. This is the crux of the legality of this decision. Is there a real public benefit from erecting structures on the highway or are they commercial advertising?*

**Response:**

Mr Stops is correct that the contract will deliver 10% airtime, or 6 minutes per hour on a looping basis. This is fairly standard for Councils, but it is also standard for most brands to receive the same time frame unless they pay considerably more. The Council however receives this for free. Upgrading to digital units means we are able to quickly display multiple public information campaigns in real time providing more opportunities for services to communicate during the same time period. This means that we can air a service change campaign, consultation and cultural event all in the same period without having to wait for the one - or b-side - print based site to be updated, which only happens every two weeks. This is less flexible for time sensitive information. We have also demonstrated public benefit through the pandemic and more recently the Polio outbreak in London using QR codes on our outdoor campaigns to allow residents to find out information about vaccinations and their locations. Lastly we will have a clause within the contract that allows the Council to override sites with local or national emergency information should we require. The income generated has been used to fund a number of other

**Question 3**

*The pre-application planning advice was undertaken in 2021, though it is dated March 2022. There is no mention in the report that there have subsequently been real applications for 9 of these structures that have been rejected comprehensively by the planning service on the basis of its adopted policies. There have also been other very similar applications refused, none were granted.*

**Response:**

Response from Planning - The pre-application advice pre-dated the nine applications that were subsequently refused. The pre-application advice focused solely on the planning merits of the proposed sites that were put forward.

The nine sites Mr Stops refers to were refused planning permission as a result of the assessment work carried out in 2021. It has always been the intention of this work towards reducing clutter in the public realm and we have done this through reducing the overall number of sites from 54 to 31, a 43% decrease, whilst still maintaining an important communication channel and increasing our income.

Question from Muriel Gordon, MBE responded to by Head of Property and Asset Management

Question 1

*As some of the estates in the Stamford Hill Area were due to have front doors prior to Covid stopping all work, I would like to make a request.*

*Leaseholders in particular are keen to see the type of door being offered as many are expected to pay for it. Last time round we had great difficulty in this request being met as there was apparently one sample door which was in the Shoreditch area, and leaseholders were expected to travel if they wanted to see it.*

*Could I please ask that the contractor has sample doors available to be located in whatever areas work is taking place, and in our case Stamford Hill area (there are community halls in Joseph Court and/or Lincoln Court where they could be made available), rather than expecting residents to travel to other areas in the Borough which is not always easy.*

**Response:**

In response to the availability of viewing sample doors, estate blocks have been grouped and the intention is for contractors to provide samples on nearest estates - not every estate. Additionally, contractors have produced leaflets and mock up (digital/visual) designs of what they could look like and design choice pallets. Additionally, the contractors will allow a cool off period and give the option for residents to change their minds on the door/design.

**APPENDIX 2  
CABINET PROCUREMENT AND INSOURCING COMMITTEE**

**ACTIONS TRACKER**

<b>Ref</b>	<b>Meeting Date</b>	<b>Agenda Item</b>	<b>Action</b>	<b>Assigned to</b>	<b>To be completed by</b>	<b>Status</b>
1	7/11/22	7 - Housing Repairs Material Framework	To prepare a briefing note in consultation with the Procurement team addressing the sustainability issued and to circulate to Committee Members.	Peter Lovell	Tbc - Jan 2023	Completed
2	5/12/22	9 - Communal Heating Systems	<p>(1) Cabinet Member for Housing in consultation with Head of Property and Asset Management to respond to questions raised by Cllr Garbett on communal heating.</p> <p>(2) To provide a briefing note to Committee Members confirming the terms of the contract against key performance indicators.</p> <p>Update: 02/02/23: Cllr McKenzie has referred back to officers for additional information.</p>	<p>Cllr McKenzie</p> <p>Sinead Burke</p>	Tbc - Jan 2023	Outstanding
3	5/12/22	11 - Buckland Street	Briefing note to be provided to Committee Members with details of the Sustainability Procurement Policy terms to be delivered.	Brownwen Thomas	Tbc - Jan 2023	Completed

4	5/12/22	12 - Wimbourne Street	Briefing note to be provided to Committee Members with details of the Sustainability Procurement Policy terms to be delivered.	Brownwen Thomas	Tbc - Jan 2023	Completed
5	16/1/23	7 - Integrated Mental Health Network	Senior Public Health Practitioner to share the lessons learned report with Committee Members when available.  Update 03/02/23: internal lessons learned session already taken place and report will follow once a session with external stakeholders has been held.	Jennifer Millmore	Tbc - March 2023	Pending
6	16/1/23	8 - External Advertising	Head of Marketing & Commercial Services to provide a written response to Cllr Binnie-Lubbock's questions.  Update 03/02/23: Follow up written response to be sent to Mr Stops.	Jonathan Lyons	January 2023	Completed
7	16/1/23	9 - External Front Doors	Head of Property and Asset Management to provide a written response to Muriel Gordon, MBE	Sinead Burke	January 2023	Outstanding



## CABINET PROCUREMENT & INSOURCING COMMITTEE

### CONTRACT AWARD REPORT

Contract Award Report	
<b>Title of Report</b>	Procurement of Core Insurance Provision
<b>Key Decision No.</b>	FCR S143
<b>CPIC Meeting Date</b>	13 February 2023
<b>Classification</b>	Open - Report Exempt - Appendix A and B
<b>Ward(s) Affected</b>	All Wards
<b>Cabinet Member</b>	Councillor Robert Chapman Cabinet member for finance, insourcing and customer service
<b>Key Decision</b>	<p>_____</p> <p>Yes</p> <p>_____</p> <p>This results in the Council incurring expenditure or savings which are significant having regard to the Council's budget for the service/function.</p>
<b>Group Director</b>	Ian Williams Group Director, Finance & Corporate Resources
<b>Contract value, <u>both</u> Inclusive of VAT and Exclusive of VAT (for the duration of the contract including extensions)</b>	<p>£11,220,260.15 including VAT &amp; Insurance Premium Tax (IPT)</p> <p>£10,969,123.35 excluding VAT including Insurance Premium Tax (IPT)</p> <p>Please Note: The quoted values are for Lots 2-6 only and exclude Lot 1 - Property</p>
<b>Contract duration (including extensions e.g. 2 yrs + 1 yr + 1 yr)</b>	3 yrs + 2 yrs (optional extension)

## **1. Cabinet Member's Introduction**

- 1.1. This report outlines the results of the 2022/23 re-tendering of the Council's insurance portfolio. A number of the insurance contracts required re-tender following the last exercise undertaken in 2018, which saw the majority of insurance contracts approved for a period of 3 years with the inclusion of an optional 2 year extension.
- 1.2. Since the last main re-tender exercise in 2018, the market environment for insurance remains relatively uncertain with reduced capacity for public sector risks and a hardening of the rate and associated terms, in particular in the property and professional indemnity markets. Financial pressures during the term of the expiring contract and adverse changes to the discount rates applied to catastrophic injury claims are factors that continue to lead to premium increases. There remains a continued focus on Housing related risks and reinstatement valuations are now subject to fourfold increases. Consequently at the outset of the tender exercise there was some concern that the Council may not be able to consolidate the competitive premium rates achieved at the time of the 2018 tender.
- 1.3. In the event, the tender exercise has managed to secure competitive bids from the majority of public sector providers. In five of the six Lots tendered most areas of insurance will see a small increase in rates with two Lots, Motor Fleet & Liability, subject to a small premium saving. However, the evaluation of the property tender requires further consideration with terms indicating that these will lead to an overall increase in the Council's premium spend when compared to 2022/23.
- 1.4. The full details of the tendering exercise are contained within the main body of the report with the appendix showing the outcome of the various submissions.

## **2. Group Director's Introduction**

- 2.1. The Council reviews and re-tenders its insurance portfolio on a regular basis, both to ensure value for money and to investigate alternative methods of financing the Council's insurable risks.
- 2.2. The current policies expire on 31 March 2023 and the Insurance Team has been undertaking an extensive re-tendering exercise in conjunction with Marsh, the Council's insurance brokers. Insurance cover is being arranged for the Council, which includes the Authority's opted in schools. In total there were 6 insurance lots being tendered at this time.



2.3. The re-tendering included procurement assessments, and the Head of Finance Procurement has assessed the procurement risk as low; hence this is the main report on this re tender. This paper is being brought at this time due to the overall cost of providing insurance cover which is projected to be in the region of £2.25m per annum (Lots 2-6) and to ensure that insurance cover is in place on 1 April as the existing cover expires on 31 March 2023.

**3. Recommendations**

**3.1. To note the various options considered in the procurement of the Council Insurance contracts.**

**3.2. Agree the award of contracts for the following insurance services:**

<b>LOT No.</b>	<b>Policy Coverage</b>	<b>Successful Provider</b>
<b>1</b>	<b>Property</b>	<b>Deferred - See Item 3.4</b>
<b>2</b>	<b>Casualty (Liability) &amp; Fidelity Guarantee</b>	<b>Supplier G</b>
<b>3</b>	<b>Motor Fleet</b>	<b>Supplier F</b>
<b>4</b>	<b>Engineering Inspection &amp; Insurance</b>	<b>Supplier B</b>
<b>5</b>	<b>Personal Accident/Business Travel</b>	<b>Supplier H</b>
<b>6</b>	<b>Terrorism</b>	<b>Supplier A</b>

**3.3. Approve officers to proceed with the contracts to ensure that insurance cover is in place for 1st April 2023.**

**3.4. 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.**

**3.5. The decision relating to lot 1 property will be reported to CPIC on 13 March 2023 as a note on process.**

**4. Related Decisions**

**4.1. Low Risk Business Case - Procurement of Core Insurance Provision. Approved on 11 October 2022 by Hackney Procurement Board (HPB.)**

- 4.2. The Business Case provided provision for 7 Lots as per Item 3.2 but also including Fine Art & Heritage Assets. However, coverage relating to Fine Art & Heritage Assets was withdrawn from the open procurement and is now subject to annual market review via Marsh, with an estimated contract value of less than £5,000 per annum.

**5. Reason(s) For Decision / Options Appraisal**

- 5.1. 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.
- 5.2. 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.
- 5.3. 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.
- 5.4. As mentioned in the Cabinet Member’s introduction, there was some concern that insurance 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.
- 5.5. 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 & Service Comparison Summary (Exempt)**
- 5.6. 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.

- 5.7. 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.
- 5.8. 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, conditions applied and compliance with the Council's risk appetite.
- 5.9. 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.

**6. Alternative Options (Considered and Rejected)**

- 6.1. **Insourcing:** Due to the nature of insurance as a risk transfer mechanism and the significant financial and resource risks associated with the activities of the Council it is not feasible to insource these contracts. In any event that Council retains an appropriate level of risk through the application of policy deductibles and self-insured retained limits.
- 6.2. **Alternative Deductibles:** Within the procurement exercise and specifically in relation to Lot 2 - Casualty & Fidelity Guarantee prospective suppliers were asked to provide quotations on a range of different deductibles. However, the terms offered in relation to higher risk retention by the Council, and the associated cost of risk, was not considered to provide sufficient benefit to outweigh the uncertainty of small cost savings.

## 7. Project Progress

### 7.1. Developments since the Business Case approval

- 7.1.1. As explained under para 4.2 the inclusion of a lot covering Fine Art & Heritage Assets was withdrawn from the procurement exercise prior to the market exercise.
- 7.1.2. Insurance market conditions in relations to Lot 1 - Property have hardened significantly leading to reduced Insurer capacity, adverse terms and significant conditions relating to the application of policy cover.

### 7.2. Whole Life Costing/Budgets

- 7.2.1. In keeping with the existing contract(s) the cost of insurance premiums will be recharged to service areas and member schools with the internal fund used to meet claims below the policy deductible. Insurance costs are included within departmental budgets and this is within the existing budget forecasts.
- 7.2.2. The Head of Insurance Services will continue to identify, analyse and address risk exposures with key stakeholders to reduce the frequency and cost of claims and to maximise any opportunity to reduce our overall insurance spend.

### 7.3. Risk Assessment/Management

- 7.3.1. This is designated a Low Risk project. Insurance policies by their nature are part of an approach to transferring risk, in this case from the Council to an external insurance company. This has been considered as part of the finance directorate part of the overall Corporate Risk Management Policy.
- 7.3.2. The current insurance arrangements are, with the exception of the areas covered by our internal fund, currently outsourced. The overall procurement has been risk assessed by the DPM in advance of the tender process commencing and assessed the risk as low.
- 7.3.3. The insurance risk register has recently been reviewed by the Head of Insurance Services and the register updated to take account of developments in insurance. The register is monitored on an ongoing basis with a formal review of the risks on an annual basis.

Risk	Likelihood	Impact	Overall	Action to avoid/mitigate risk
Lack of competitive bids due to constricted number of suppliers and adverse claim costs for Public Sector nationally	Low	Medium	Low	Work undertaken to promote positive risk factors for The Council with potential suppliers. Specification to promote our Risk Strategy.

Emerging areas for new types of claims are not covered	Low	Medium	Low	Ongoing monitoring of market developments and horizon scanning of new or developing risks i.e. pollution / cyber
Inadequate levels of insurance cover due to inaccurate asset or activity information	Medium	High	Medium	Property valuations under review and asset registers reconciled with Department/Asset Managers - Insurance risk needs are now embedded in procurement and insourcing business case procedure
Inadequate insurance provision/reserves to cover claims in internal fund	Low	Medium	Low	Annual fund reviews undertaken by external advisers to assess levels required - levels adopted are prudent
Withdrawal of key Insurance Provider	Medium	Medium	Medium	Market capacity and appetite for public sector risks remains good as evidenced by the number of bids received. Contingency measures such as self-insurance and mutual arrangements continue to be reviewed should the market deteriorate beyond expectation and foreseeability.

## 8. Savings

- 8.1. Expected savings in 2023/24 across Lots 2-6 are nominal and in the region of £90k representing 4.2% reduction in premium costs compared to 2022/23.
- 8.2. The anticipated lifetime savings of the contracts under Lots 2-6 are expected to be in the region of £450k if the contracts were to be in place for the full term of 3 years plus 2 years extension. Given the number of variables that could impact on future premiums both from the wider market, Insurance Premium Tax rates and the individual experience of Hackney's claims experience, this level of ongoing savings cannot be guaranteed. Ongoing risk management should however assist in maintaining or improving the claims experience which will in turn help to ensure that premium costs are contained.

- 8.3. However, the terms provided for all bids under Lot 1 - Property represent a clear hardening of the market and the overall result of the market exercise, compared to premium spend in 2022/23, is likely to lead to a significant premium increase. This is estimated to be up to a 55% increase on 2022/23 spend.
- 8.4. The factors affecting the property market conditions are external and not within the control of the Council. However, implementing or maintaining the necessary risk controls and meeting policy conditions to mitigate the impact will continue to be a key task throughout the policy term.
- 8.5. The results achieved under Lots 2-6 consolidate the savings achieved in 2018 and represent a successful tender for these covers in a potentially uncertain market. In particular, the Council's management and mitigation of potentially large losses is likely to have contributed to the reduction in proposed premiums under Lot 2 - Casualty (Liability) risks.
- 8.6. Table below shows the net difference per annum between the current yet final year of the existing contract and the proposed premium rates achieved during this tender exercise. The table highlights the increased premium cost of the Motor Fleet Insurance policy balanced by the reduction in Terrorism Insurance.

<b>Policy Coverage</b>	<b>Difference (per annum) Compared to 2022/23 Rates</b>
<b>Property / Material Damage</b>	Deferred
<b>Casualty (Liability) &amp; Fidelity Guarantee</b>	- £106,169.48
<b>Motor Fleet Insurance</b>	- £ 17,451.80
<b>Engineering Inspection &amp; Insurance</b>	+ £ 19,082.55
<b>Group Personal Accident &amp; Travel Insurance</b>	+ £ 6,070.67
<b>Terrorism</b>	+ £ 3,576.36
* Excluding Fine art/Heritage Assets and Leasehold Buildings Insurance	

**9. Sustainability Issues and Opportunities, Social Value Benefits**

Bidders were provided with Hackney's Sustainable Procurement Strategy and points were awarded according to their evidence, demonstration and commitment to those values as listed below.

## 9.1. **Procuring Green**

9.1.1. Across all lots climate change and associated environmental impacts have a direct bearing on claims exposure, claim cost and therefore claim premiums. The recommended supplier presented strong evidence of a reduction in CO2 emissions, and targets for net nil emissions and carbon neutral operations, e.g.

- The use of 100% renewable energy
- The implementation of electric only fleet.
- Cycle to work scheme

9.1.2. Across multiple lots, the recommended insurers have in place a system for the re-use, recycling and environmental salvage of equipment. Similarly, policies are in place for the promotion of paperless files, digital upskilling and video conferencing to reduce travel and employing local (dependent on policy offered.)

## 9.2. **Procuring For A Better Society**

9.2.1. The primary economic benefit to the Council is mitigating the financial exposure to unforeseen risks versus the cost of premiums. The insurer's aim is to help the Council reduce the number and costs of claims, which in turn has a direct bearing on premiums and allows money saved to be returned directly to the Council and in turn to the community. Insurance premiums are invested by the insurers until such time as they are required to pay claims. A recommended insurer will use a significant percentage of premiums collected into investments with a social objective.

9.2.2. Further, the different recommended suppliers offer a variety of volunteering opportunities for their staff with offers to assist in Hackney based community projects and/or present at careers fairs or school events.

9.2.3. Under one lot, the recommended supplier has developed an associated product for top up insurance to benefit SMEs ensuring adequate cover requirements are met and assisting the Council to fulfil the commitment to work with and support local SME businesses.

9.2.4. The procurement was open and fair and received bids from eight insurers across the lots.

## 9.3. **Procuring Fair Delivery**

9.3.1. The nature of the various lots means the recommended suppliers can be required to have a local presence - i.e engineers / assessors for attendance on site at incidents or inspections. London is a central hub for many of the insurers who commit to using the local workforce where applicable. Between them, the recommended suppliers have committed to paying the

London Living Wage, have in place policies covering Modern Slavery and are ranked highly in various external ethical standards rankings.

#### 9.4. **Equality Impact Assessment and Equality Issues**

9.4.1. No specific issues of concern have been identified.

#### 9.5. **Social Value Benefits**

9.5.1. All the suppliers were encouraged to provide significant social value offers in their bids. Whilst the primary method of achieving this is by providing the most economical value, and freeing up Hackney funds to be spent in the community, the recommended suppliers met this request through a number of social and charitable propositions. Namely:

- Volunteering within the borough at Hackney led community events
- Attendance and training talks at careers fairs and at schools.
- Socially conscious investments
- Grants for local organisations via community funds and charitable partners.
- Contracting locally wherever possible.

### 10. **Tender Evaluation**

10.1. The tender evaluation team consisted of Council's Head of Insurance Services and Senior Insurance Officer supported by the Council's insurance broker, Marsh.

10.2. The Standard Questionnaire (SQ) checks and due diligence have been completed by the Hackney Procurement Manager. Financial status checks have been undertaken by Marsh.

10.3. The Council undertakes a level of self-insurance to provide the optimum level of self-insurance compared to the use of external insurers as described in section 5.

10.4. The key output was to ensure that the Council has cost effective insurance cover, on the best available terms, to commence on 1 April 2023 and to be able to manage any insurance claims made or received by the Council.

10.5. The financial value of the insurance contracts required that a Find a Tender Service process was followed and given the limited number of providers in the local authority insurance market, an open procedure was deemed to be the most effective way to proceed.

10.6. As noted previously there were a total of eight suppliers who bid for at least one insurance contract lot. This is considered a very healthy market response. The full list of contractors bidding for each of the six lots is included within **Appendix A (Exempt)**

10.7. Summary of Insurance Market Engagement:



LOT No.	Policy Coverage	Supplier Bids Received
1	Property	Deferred - See Item 3.4
2	Casualty (Liability) & Fidelity Guarantee	3 Bids
3	Motor Fleet	4 Bids
4	Engineering Inspection & Insurance	3 Bids
5	Personal Accident/Travel	2 Bids
6	Terrorism	4 Bids*

10.8. Two bids under Lot 6 - Terrorism did not meet the requirements of the Invitation to Tender Pass/Fail criteria in relation to the fundamental basis of cover.

10.9. Evaluation Criteria and Weightings: The criteria used to evaluate the submitted bids are shown in the table below and includes the overall score of the contractor recommended for award of contract:

LOT No.	Price	Policy Cover	Claims Handling	Added Value & Innovation	Social Value
2-6	45%	30%	15%	5%	5%

10.10. Where a bid is providing something significantly different to what has been requested, further reductions in points / percentage scores have been applied as expressly described and quantified in the Invitation to Tender (ITT) and accompanying evaluation sheet.

10.11. **Recommendation:** The Cabinet Procurement Committee is recommended to award each Lot in accordance with the table immediately below:

	Coverage	Lead Score (Rounded)	Lead Bid
	Property	Deferred	Deferred

	Casualty (Liability) & Fidelity Guarantee	80.3%	Supplier G
	Motor Fleet	93.4%	Supplier F
	Engineering Inspection & Insurance	90.2%	Supplier B
	Personal Accident/Travel	86.8%	Supplier H
	Terrorism	93.9%	Supplier A

10.12. A comprehensive summary of the evaluation of the individual bids is included as **Appendix B (Exempt)** to this report and includes the names of the prospective suppliers for each lot.

10.13. The recommended awards under Lots 2-6 meet the primary requirements of the Business Case and subsequent Invitation to Tender.

## **11. Contract Management Arrangements**

11.1. The Council has past experience of managing the implementation of new insurance arrangements. Insurance Services will provide the necessary resources with support from the Council's insurance broker, Marsh, to ensure that the transition can be completed within the timeframe available, as set out below.

<b>Key Milestones</b>	
Business Case Report to HPB	11 October 2022
Tender Issued [FTS] Advert Placed	11 November 2022
Tender Returns:	20 December 2022
Tender Evaluation:	22 December 2022 - January 2023
Contract Approval Report considered at CPIC:	13 February 2023
Intention to Award Notification	17 February 2023
Standstill Period:	18 - 28 February 2023
Contract Award:	1 March 2023
Mobilisation Period:	March 2023
Cover/Contract Commencement:	[00:01] 1 April 2023
Supplier Review Meetings	Within 40 days followed by quarterly performance/risk review meetings

- 11.2. Insurance Services within the Financial Management, Finance and Corporate Resources Directorate will assume responsibility for the ongoing contract management of all insurance contracts.
- 11.3. Insurance Services division manages the current contracts on behalf of the Council. The section will continue to work closely with both insurers and relevant stakeholders to monitor claims experience and to provide risk management training.
- 11.4. The contracts will be managed within existing resources and in compliance with the contract management system.
- 11.5. Implementation of the contracts and policy cover will be undertaken via a series of mobilisation meetings and coverage specific objectives with the successful supplier, supported by Marsh.
- 11.6. There are no TUPE risks associated with these contracts.
- 11.7. **Key Performance Indicators**
- 11.7.1. The contracts to be awarded are Contracts of Insurance and not service contracts and are therefore not readily measurable in this context. The Invitation to Tender identified indicative service & correspondence response times.
- 11.7.2. During the contract implementation phase performance measures will be mutually agreed with each supplier contextual to the coverage being provided. This is likely to include key measurable areas such claim performance, defensibility rates, complaint resolution and underwriting response periods.
- 11.7.3. Performance of all suppliers will be closely monitored by the Head of Insurance Services and Senior Insurance Officer to ensure that they meet the expectations and commitments stated in the insurance contract.
- 11.7.4. Conversely the performance of the Council against defined claims loss ratios, Ministry of Justice protocols and risk improvement actions will be tracked by the Insurer.
12. **Comments Of Group Director Of Finance And Corporate Resources**
- 12.1. The tender evaluation has identified a number of suitable providers for the Council's insurance programme, which has also led to some savings as specified in paragraph 8.6. The insurance covers are being placed with a range of insurance providers based on an evaluation of the cost of the cover, an assessment of the policy cover itself and the quality of the service from the providers.

- 12.2. However, as set out in paragraph 8.3 the terms provided for all bids under Lot 1 - Property (for which the decision is deferred and delegation proposed) represent a clear hardening of the market and the overall result of the market exercise, compared to premium spend in 2022/23, is likely to lead to a significant premium increase. This is estimated to be up to a 55% increase on 2022/23 spend. Provision has been made in the 2023/24 budget for this increase.
- 12.3. As with the existing contract the cost of insurance premiums will be recharged to service areas and schools with the internal fund used to meet claims below the insurance deductibles. Insurance costs are included within departmental budgets.
- 12.4. The total value of the contract for lots 2-6 only is £11,220,260.15 including VAT and Insurance Premium Tax (IPT). This cost is for the full 5 (3+2) years of the contract subject to renewal terms as mentioned in paragraph 5.6.

### **13. Comments Of The Director, Legal, Democratic & Electoral Services**

- 13.1. This matter was classified as Low Risk and the Business Case for the procurement was approved by Hackney Procurement Board on 11th October 2022. However, the value of the contracts to be awarded in this Contract Award Report is more than £2m and therefore this Report is being presented to Cabinet Procurement and Insourcing Committee for approval in accordance with paragraph 2.5.3 of Contract Standing Orders.
- 13.2. The Council published a Find a Tender Notice on 11th November 2022 in order to seek bids for insurance services. The details of the bids received and the recommendations for contract award are set out in this Report.
- 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." Therefore, subject to the approval of the Cabinet Procurement and Insourcing Committee of the recommendation in paragraph 3.4, the Group Director, Finance and Corporate Resources may award the contract for Lot 1 - Property.

### **14. Comments Of The Procurement Category Lead**

- 14.1. Hackney Corporate Procurement has been involved in some stages of this Open tender process. On the 11 of November it was issued the contract Finder Notice HACK001-DN638397-57638982 in accordance with the Public Contract Regulation giving companies one month to place their bid.
- Hackney procurement managed the clarification questions and the compliance of bids received ensuring compliance to the Councils Contract Standing Order.
- 14.2. Bids were handed over to Marsh for evaluation, moderation and finance analysis check, Hackney procurement team was not involved in these stages of the tender process.

- 14.3. This report gives me confidence that all steps were taken to ensure we followed the procurement best practices and I am satisfied that the outcome of the evaluation provides the Council with a value for money following a fair and open tender process.

**Appendices**

**Exempt**

Appendix A: Table of Bidders 2023 [EXEMPT] (Attached separately)

Appendix B: Cost & Service Comparison Summary 2023 [EXEMPT] (Attached separately)

By Virtue of Paragraph 3 Part 1 of schedule 12A of the Local Government Act 1972 Appendices to the report are exempt because they contain Information relating to the financial or business affairs of any particular person (including the authority holding the information) (being information of bidders in a confidential procurement process) and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information as revealing the identity of bidders and prices submitted may prejudice best value being driven through the procurement and any commercial arrangements the Council may enter into in due course.

**Background Documents**

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

<p><b>Report Author</b></p>	<p>Michael Pegram  <hr/> Head of Insurance Services  <hr/> Email: michael.peggram@hackney.gov.uk  <hr/> Tel: 0208 356 2647</p>
<p><b>Comments for and on behalf of the Group Director of Finance and</b></p>	<p>Mizanur Rahman  <hr/> Chief Accountant  <hr/></p>

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## CABINET PROCUREMENT & INSOURCING COMMITTEE

### CONTRACT AWARD REPORT

Contract Award Report	
<b>Title of Report</b>	Advocacy Services - Contract Award
<b>Key Decision No.</b>	<b>AHI S171</b>
<b>CPIC Meeting Date</b>	13 February 2023
<b>Classification</b>	Open with exempt appendix
<b>Ward(s) Affected</b>	All
<b>Cabinet Member</b>	Cllr Kennedy
<b>Key Decision</b>	Yes <hr/> Significant in terms of its effects on communities living or working in an area comprising two or more wards.
<b>Group Director</b>	Helen Woodland Group Director of Adults, Health & Integration
<b>Contract value, <u>both</u> Inclusive of VAT and Exclusive of VAT (for the duration of the contract including extensions)</b>	<b>£2,645,000.00 (exc. VAT - TLC of Contract)</b> £104,707.00 (Contract extension for x2 months)
<b>Contract duration (including extensions e.g. 2 yrs + 1 yr + 1 yr)</b>	3 yrs (+1 yr +1 yr)

## **1. Cabinet Member's Introduction**

- 1.1. The service outlined in this report supports our local residents to advocate for themselves - recognising that there are inequalities in our system which mean that some people are not able to navigate organisational boundaries as effectively as others.
- 1.2. The contractual framework adopted is one which should support local community organisations to grow their organisational capacity and build strong partnerships beyond the lifetime of this contract. There will be a strong onus on the lead provider to develop local organisations and to bring in more organisations to support with wider peer and community advocacy.
- 1.3. The market responded positively to the level of consultation and continual communication and we received high quality bids, that demonstrates the importance of engagement with our local and wider markets.

## **2. Group Director's Introduction**

- 2.1. This report seeks approval for the award of a contract for a Single Lead Provider to deliver advocacy services in the London Borough of Hackney. The Single Lead provider will be a single point of access for a range of statutory and non-statutory advocacy services in Hackney.
- 2.2. Advocacy services in scope of this procurement include:
  - Statutory Independent Care Act Advocacy (ICAA)
  - Statutory Independent Mental Capacity Advocacy (IMCA)
  - Statutory Independent Mental Health Advocacy (IMHA)
  - Statutory Independent Health Complaints Advocacy (IHCAS) under the Health and Social Care Act
  - Non- Statutory Community Advocacy (see Appendix 5 in Business Case)

These services provide an independent voice and empower those who are unable to speak up for themselves to have their voice heard and rights upheld.

- 2.3. This contract will bring together these advocacy provisions through a lead provider under a single contract and thus access point, improving accessibility and joined up service provision and enabling a focus on supporting those with the highest need.
- 2.4. The contract will be let for 3 years, with the option to renew for two extra years. Legislative changes have been factored into the specification for this contract alongside the view of the market that a contract of shorter than 3 years is not financially viable.
- 2.5. The proposed model encourages that local micro, small and medium sized enterprises have a significant role in advocacy provision, providing



the opportunity to develop their roles in order to sustain the local market in the longer term.

### **3. Recommendations**

- 3.1. **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).**
- 3.2. **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 & £7.7k) . This is to enable the newly appointed bidder to mobilise effectively, without disruption to service delivery.**

### **4. Related Decisions**

- 4.1. The Business Case for the Advocacy Service was taken to Hackney Procurement Board in September 2022.

[Hackney Procurement Board - Advocacy Services Business Case](#)

### **5. Reason(s) For Decision / Options Appraisal**

- 5.1. 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
- 5.2. 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.
- 5.3. 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.
- 5.4. 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.
- 5.5. **Alternative Options (Considered and Rejected)**
- 5.6. The following 5 options were appraised for the future of the Advocacy provision in the borough:

- Alternative Option 1: Insource

- Alternative Option 2: Remain As Is
- Alternative Option 3: Activity Based Contract
- Alternative Option 4: Separate Contracts/Multiple Providers
- Alternative Option 5a: No Non Statutory Advocacy Delivery:
- Alternative Option 5b: Reduced Non Statutory Delivery
- Alternative Option 5c Seek Separate Funding

5.7. Hackney Procurement Board approved the business case for the preferred procurement option in September 2022.

## **6. Project Progress**

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

There have been no unforeseen changes or developments since the business case approval.

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

The budget for the service is held by the Adults Social Care Commiss

Any changes to the funding available will be managed in collaboration with the successful provider to ensure that the service continues to deliver on the key outcomes.

Also as part of the pricing schedule, bidders were asked to prepare costings for spot purchases which would only need to be used due to an unprecedented increase in demand for Statutory Advocacy services.

We have embedded several safeguards and mitigations into the contract such as contract breaks at the end to years 3 and 4 and the requirement to remain within the agreed budget.

It is expected that within the lifetime of this contract, proposed reforms to the Mental Capacity Act in relation to Deprivation of Liberty Safeguards (DoLS) changing to Liberty Protection Safeguards (LPS) and adoption of the government white paper on Mental Health Act reform will see expansion in the right to an advocate.

We canvassed expert opinions on the impact of these reforms, including from the National Development Team for Inclusion (NDTi) and determined that there is a high degree of uncertainty as to what these reforms will translate to in terms of referrals. Some have suggested that there could be a doubling of cases, others potentially a 5 fold increase in IMCA. We have been more conservative in our estimates and are building in flexibility within the contract to be able to adapt to changes in demand as reforms are implemented.

The lead provider will sub-contract all 'non-statutory' advocacy casework to the Network. This will support local sustainability, reflect the diversity of Hackney and the needs of its residents, allow access to culturally

appropriate advocacy whilst building capacity and resilience into the local system.

The funding for non statutory advocacy will be tapered down by 60% over the life of the contract. The impact is expected to be mitigated by both the increased capacity in the local system allowing community organisations to self fund or draw upon external funding and also the move towards alternative forms of advocacy (citizen, peer, group, self etc) becoming established and able to meet the needs of residents.

This report also requests a 2 month extension to the existing service contracts until the end of May 2023 at a maximum total cost of £104,707 (£97k & £7.7k) This extension will ensure continuity of service for users and a smooth transition to the new service.

The new contract model sees 2 current contracts joined together as described in the business cases and specification:

Contract 1 is the main contract and has been effective as of 01 Apr 2018, for a period of 3yrs (+1 +1). The whole life cost of the current contract is: £2,675,000.00. The price stated in this paragraph is not inclusive of the requested two month extension.

Contract 2 is a separate contract for Independent Health Complaints Advocacy. Originally, we were part of a pan London consortium and the decision was taken to separate from this in Apr 2021 and commission separately. This contract is a total of £92k over 2 years

Both contracts currently run until 31st March 2023 and are delivered by the one provider.

### 6.3 Risk Assessment/Management

Risk	Likelihood	Impact	Overall	Action to avoid/mitigate risk
Impact of Legislative reforms around IMCA (DOLS to LPS) and Care Act - This brings financial risks.	High	High	High	<p>The contract life will be for 5 years (3 years +1 +1) to enable a variation should the need arise.</p> <p>We have added a break clause in the contract for 12 months after reforms are enacted.</p> <p>Service design has taken into account an increase in Statutory Advocacy cases.</p> <p>There is also likely to be a period of transition between reforms and the legislation embedding</p>

Further savings are likely to create further divisions of inequality for residents who are already impacted systemic inequalities and the impact of covid	High	High	High	<p>Ensure resources are available to deliver non statutory advocacy for those most in need.</p> <p>Build capacity into system asap to enable community delivery.</p> <p>Work to ensure budget envelope maximises impact</p>
Demand for Non Statutory Advocacy increases beyond budget	Medium	High	High	The nonstatutory model has been designed to help enable community strengths approach, and promote wider sustainability of advocacy locally e.g. through alternative forms.
Lead provider failure	Low	Medium	Medium	Contingencies written into the contract. Quality assurance and compliance measures will be put in place to monitor the contract throughout its life. The contract will be for 5 years (3 years +1 +1) to enable a review of terms and conditions.
TUPE implications cause a delay in timetable for implementation of any new contract	Low	Medium	Medium	The provider has detailed a robust mobilisation plan as part of their tender response - detailing engagement with existing staff at the earliest opportunity to ensure a full staff quota.
Sustainability of SMEs and local market	Medium	Medium	Medium	The provider will develop the SME's to deliver non-statutory advocacy and support them to achieve accredited training to enable them to undertake specialist advocacy.
Successful provider fails to develop necessary local knowledge to deliver the contract as per the specification and model.	Low	High	Low	<p>Sub-contracting of non-statutory services by the prime contractor to the local Network of organisations is expected to mitigate against this risk.</p> <p>Providers will be contractually obliged to create links with Micro</p>

				Enterprises and SMEs from the voluntary and community sector and subcontract delivery as per specification
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## 7. Savings

Provider C has forecast that the contract can be delivered as required with a budget of £2.645m which represents a saving of £28k over the whole life of the contract against the initial approved budget.

## 8. Sustainability Issues and Opportunities, Social Value Benefits

Bidders were asked as part of the SQ section to submit their Carbon Reduction plans as well as their Modern Slavery statements. These were scored on a pass / fail basis to ensure that they align with the Council's ethos.

Bidders were also asked as part of the Method Statement questions within the tender response, to demonstrate how they would meet the Council's Sustainable Procurement Strategy deliverables across the three key themes.

The Commissioning and Procurement team have utilised the Council's Sustainable Benefits Tracker to identify what **Provider C** could deliver based on the question asked within the tender document.

### 8.1. Procuring Green

There were no adverse environmental impacts highlighted within the PRIMAS document undertaken before the business case approval. **Provider C** stated that they would meet the objective for "Procuring Green" by:

- Promoting digital meetings and training where possible
- Supporting clients in home localities via the community network
- Using direct translation services via the ReciteMe website
- Utilising the Advocacy Hive CMS for real time fully digital information reporting

### 8.2. Procuring For A Better Society

There were no adverse economical impacts highlighted within the PRIMAS document undertaken before the business case approval. **Provider C** stated that they would meet the objective for "Procuring for a Better Society" by:

- Advertising locally for staff and volunteer recruitment via DWP, FindAJob, the Supported Employment Service and local partners
- Raising awareness around the Advocacy Career Pathway to attract volunteers, apprentices and trainees for in-house training
- Offering x1 apprenticeship for a trainee advocate role
- Ongoing support and upskilling of MSMEs / SMEs delivering community advocacy including accredited training, governance and co-production of services
- Ongoing development of MSMEs / SMEs to enable delivery of non-statutory advocacy by 100% from day 1 and to increase capacity for statutory advocacy for 50% to be delivered by MSMEs / SMEs

### 8.3. **Procuring Fair Delivery**

There were no adverse impacts in terms of equalities highlighted within the PRIMAS document undertaken before the business case approval. **Provider C** stated that they would meet the objective for “Procuring Fair Delivery” by:

- Advertising job opportunities to local people using ReciteMe, which enables the opportunity to be translated into various languages
- Delivering representative recruitment, by adjusting the approach to meet the needs of various cohorts
- Committing to paying all employees London Living Wage
- Ongoing training for staff and volunteers working with the provider
- Benchmarking and offering clarity on pay and rewards for staff

### 8.4 **Equality Impact Assessment and Equality Issues**

A full Equalities Impact Assessment was undertaken and highlighted the disparities between underserved communities and the need for culturally appropriate services with community organisations best placed to help bridge these gaps in service provision. This was included as Appendix 3 in the Business Case.

### 8.5 **Social Value Benefits**

The Advocacy service has been designed and awarded on the delivery of huge social value including:

- Supporting the most vulnerable to have their voice heard particularly when they could be at their most vulnerable
- Developing long term capacity in MSMEs within the CVS to deliver all forms of Advocacy for the future (100% of non statutory advocacy from Day 1 of contract and 50% of statutory by end of Y3 meaning

the majority of the casework contract value will flow in local CVS organisations).

- Significant Ring Fenced funding to train individuals in local CVS organisations as Advocates
- Commitment to deliver training, apprenticeship and employment opportunities for Hackney Residents
- Supporting community cohesion, and empowering local people to shape and deliver services
- Widespread knowledge and training sessions for professional and neighbourhoods
- 100s of residents trained in alternative forms of Advocacy
- Improved visibility and community outreach
- Expansion of MSME CVS Advocacy Network

Incentivised KPIs have been developed to support these elements of the contract (see Appendix 1: Key Performance Indicators). We will also utilise the Council's Sustainability and Social Value Benefit Tracker in collaboration with the successful provider to ensure that we can monitor achievable added value.

## **9. Tender Evaluation**

The procurement followed a two stage tender process, under the Light Touch Regime. This meant that bidders were required to complete a Selection Questionnaire (SQ), and pass on specific criterion at this stage, before proceeding to the Invite to Tender (ITT) stage.

A full specification was made available with the tender advert, following the Public Contract Regulations (2015). A Find a Tender notice was placed via the ProContract system, along with an advert on the Council's website. An email was also sent out to prospective bidders who took part in the consultation stage for the Advocacy service, through a webinar which was also advertised through ProContract.

Twenty-one expressions of interest (EOIs) were received, resulting in seven SQ submissions, six of which went on to complete an ITT response. This complete list can be found in Exempt Appendix 1.

A total of six SQ submissions were received. Each SQ was assessed on technical capability, financial standing and insurance criteria. There were additional x5 project specific questions, which bidders were required to pass in order to proceed to the next stage. Bidders were required to submit policies relating to Safeguarding and Modern Slavery, as well as their CO2 Reduction Plans, and these were marked to check that they are robust and fit for purpose. One bidder was disqualified from this stage of the tender, due to not having the relevant experience of delivering a statutory Advocacy service.

At ITT stage, a total of x4 bid responses were received. Feedback was requested from the bidders who did not submit a response, as to why this was the case. A bidder cited a number of reasons:

- Their understanding of the specification was that the Council's intentions were for all services to be delivered by other organisations by the end of the contract and as they are a charity, the governance and financial stewardship requires them to secure sustainably funded work.
- Concerns around TUPE requirements and employment of additional staff.
- Timescale between the full ITT stage and submission wouldn't allow for the development of partnerships required.

**Scoring:**

There were 6 members of a core tender panel, with various areas of expertise, and oversight given from the Adults Social Care Head of Commissioning. Below is a list of panel members and their respective organisations:

<b>Role</b>	<b>Organisation</b>
Joint Strategic Commissioner Learning Disabilities & Autism	LB Hackney
Joint Commissioning Officer Learning Disabilities & Autism	LB Hackney
Quality Assurance & Compliance Officer (Learning Disabilities)	LB Hackney
Deputy Head of Service - Complex Care and Safeguarding	LB Hackney
Senior Practitioner - Safeguarding Adults and DoLS	LB Hackney
Engagement and Co Production Manager	Healthwatch Hackney

The tender was evaluated on the criteria in the table below. The requirements for scoring were clearly explained within the ITT document and written into the method statement document.

<b>Scoring Criteria</b>	<b>Score</b>
<b>Quality</b>	<b>80%</b>
Service Delivery	36%
Service Quality	12%



Staffing	4%
Equality & Partnership Working	20%
Mobilisation	4%
Presentation Question	4%
<b>Price</b>	<b>20%</b>

The total percentage of the Quality aspect was marked out of 100% and apportioned to 80% of the final score, with the pricing making up the additional 20%.

Bidders were asked to give a 20 minute presentation based on a question released with the method statement questions. A specific question was asked and scored by the core panel, including x3 Experts by Experience.

## 10. Recommendation

The tender panel recommends that **Provider C** is awarded the contract for the Advocacy service. Provider C demonstrated that they could meet the full requirements of the specification, and that they understood the need for engagement and working with local SMEs, as well as service users for co-production. In comparison to other bidders, they demonstrated a good knowledge of addressing inequalities in the borough and produced a plan along with strong measurable outcomes.

The final scores are outlined in the table below:

<b>Tender Results</b>			
	<b>Quality</b>	<b>Price</b>	<b>Total Score</b>
Provider A	52%	19.78%	71.78%
Provider B	35.20%	19.94%	55.14%
<b>Provider C</b>	<b>64.32%</b>	<b>20%</b>	<b>84.32%</b>
Provider D	61.76%	19.79%	81.55%

### **Lots:**

This procurement was not split into lots, to support an integrated model. The requirement of the service is to support MSMEs / SMEs and the VCS sector organisations through subcontracting arrangements to reach local community groups with support to deliver a sustainable section of the service. This model was proposed, outlined and approved in the business case.

There is a requirement that 100% of all non statutory advocacy is delivered by local MSMEs and VCS organisations from day 1 of the contract. There is also the expectation that by the end of year 3, 50% of all

statutory cases will also be delivered by local MSMEs and VCS organisations.

**TUPE:**

There are a number of staff eligible for TUPE through the change in service providers. This has been factored into the pricing schedule. The service has a 4 month mobilisation period in order to facilitate TUPE arrangements. This also means that the successful provider is able to recruit and embed staff where there are vacant posts.

**London Living Wage:**

Bidders were asked through the SQ and ITT stages whether they commit to paying London Living Wage to all employees working specifically on the Advocacy service contract. All bidders confirmed that they pay their employees London Living Wage.

**11. Contract Management Arrangements**

The contract will be managed within the Adults Social Care Commissioning Team, with a named Quality Assurance Officer.

Implementation of the contract will be overseen by the service Commissioner, with regular meetings and communication with the successful provider. This will include reviewing the implementation plan provided by the successful provider in their bid.

Contract performance meetings will be held each quarter with monthly meetings within the first 2 months of the contract to ensure that mobilisation is successfully embedded. This is in addition to the 4 month pre-planned mobilisation phase set by the provider. The Adults Social Care Commissioning Team have systems for performance monitoring and reporting as well as invoicing and this will be set up for the Advocacy service as standard.

The contract includes incentivised payments for select KPIs, which allows for 20% of the annual contract price to be apportioned to reaching these targets. This has been explicitly stated in the draft Terms and Conditions which were sent out alongside the ITT document, and also in the Pricing Schedule that was submitted with the tender response.

**11.1. Key Performance Indicators**

The KPIs will be monitored quarterly, with these being submitted to the Council in line with the other contractual arrangements. Some of this data comprises the National dataset and so requires uploading onto national databases. This duty will remain with the provider and be assured by the Council, who will validate data.

The Adults Social Care Commissioning team will also request comprehensive data collection that illustrates the activity and outcomes across all areas of service provision. This will include service user data demographics to identify how many clients use the service from within the borough.

A full list of the Key Performance Indicators can be found in Appendix 1 - Key Performance Indicators.

Alongside the service outcomes and KPIs, we have utilised the Council's Sustainability and Social Value tracker which enables us to set targets around outcomes detailed in the successful providers bid response. These will be confirmed during the mobilisation stage of the process so that we can ensure that these are viable for the provider to deliver.

## **12. Comments Of Group Director Of Finance And Corporate Resources**

- 12.1. This report seeks approval from the Cabinet Procurement and Insourcing Committee to award the contract for the delivery of the Advocacy Service to Provider C for a period of 5 years (3+1+1) commencing in June 2023 at a maximum contract cost of £2,645k (an average of £529k per annum).
- 12.2. Also, this report seeks approval to award an extension to the current service contracts, for a period of up to 2 months (April - May 23) at a maximum contract cost of £105k. This is to enable the newly appointed provider to mobilise effectively, without disruption to service delivery. The annual cost of the new contract and the two months extension will be funded from the allocated budget for this service of £535k.
- 12.3. The anticipated expenditure per year includes a number of assumptions around additional demand leading to an increasing cost of provision. There is a risk that demand will exceed these assumptions leading to additional cost pressure if the spot purchase mechanism is triggered. The contract and funding will need to be monitored carefully to ensure that any demand pressures are well understood and that any future changes to the availability of funds are identified to ensure expenditure is contained within the funding available for the service.

## **13. VAT Implications On Land & Property Transactions**

- 13.1. Not applicable.

## **14. Comments Of The Director, Legal, Democratic & Electoral Services**

- 14.1. This Report was classified as Medium Risk and Hackney Procurement Board approved a Business Case in respect of the procurement on 13th September 2022. 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.

- 14.2. Details of the procurement process undertaken by officers are set out in this Report.
- 14.3. In addition to the contract award proposed above, authority is sought from Cabinet Procurement and Insourcing Committee to extend two current contracts for advocacy services. One contract extension (Advocacy Services) is for the sum of £97,000 and the other contract extension (Independent Health Complaints Advocacy Services) is for the sum of £7,700. Each of these proposed variations to contract are (i) below ten percent (10%) of the initial contract value; and (ii) below the threshold for services under the Public Contracts Regulations 2015; and (iii) do not alter the overall nature of the contract. Therefore they are permitted under Regulation 72(5) of the Public Contracts Regulations 2015.

## **15. Comments Of The Procurement Category Lead**

- 15.1. The proposed contract is valued at £2.645M which is above the relevant UK public procurement threshold (Social and Other Specific Services “light touch” regime). The Council’s Contract Standing Orders require that the Award of a procurement of this value be approved by Cabinet Procurement and Insourcing Committee.
- 15.2. A competitive tender process has been carried out in compliance with Contract Standing Orders and the recommendation is to award to the provider offering the most economically advantageous tender assessed against the published criteria.
- 15.3. Relevant KPIs and performance measures are proposed including those aligned to strategic and corporate targets. The specification requires the contractor to meet requirements with regard to sustainability and social value, including payment of the London Living Wage as a minimum for all staff employed to deliver this service.
- 15.4. Extension of the existing contracts for two months is supported to ensure continuity of service and a smooth transition

## **Appendices**

Appendix 1 - Key Performance Indicators - (Attached separately)

Appendix 2 - Expression of Interest List & Scoring Methodology (**Exempt**)  
(Attached separately)

**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**

No

**Background Documents**

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.

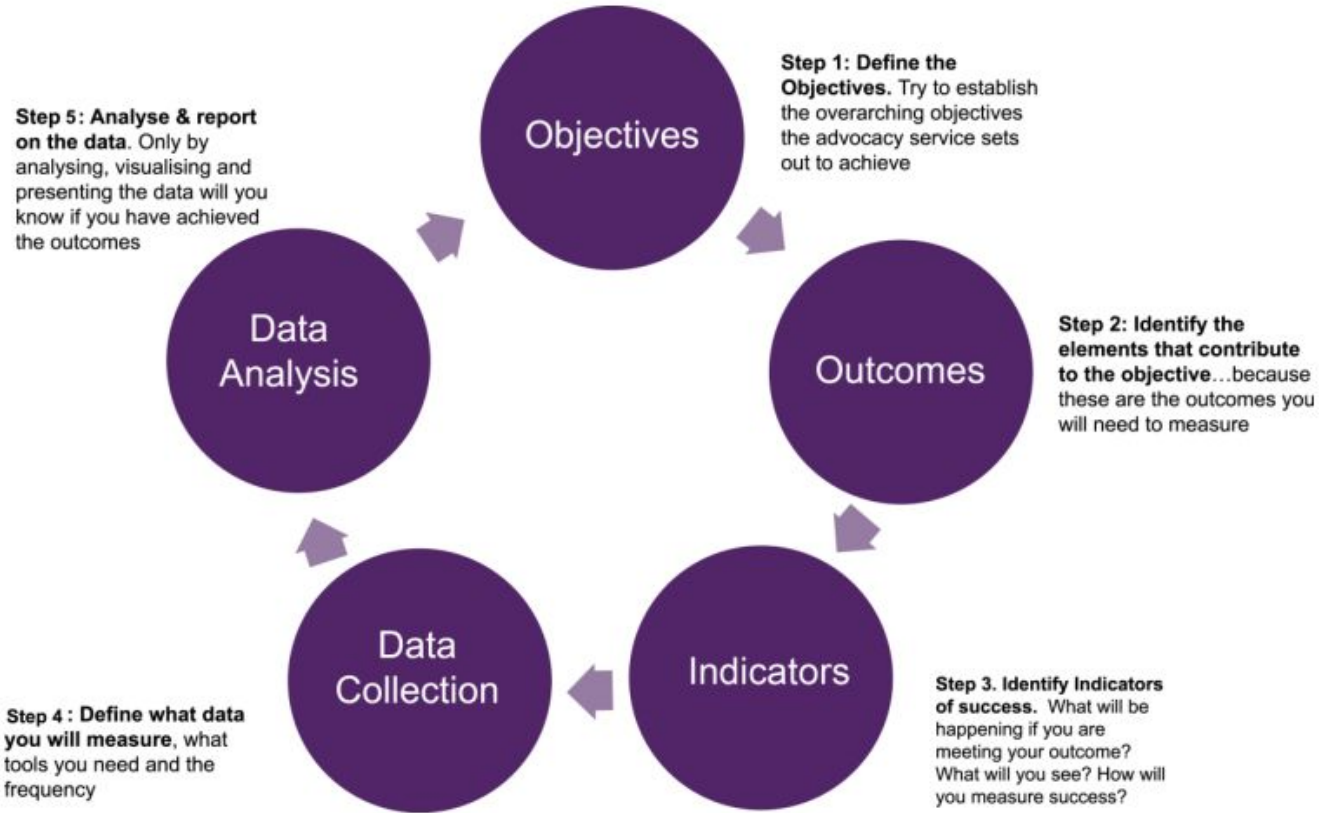
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<b>Comments for and on behalf of the Director of Legal, Democratic and Electoral Services prepared by</b>	Name: Patrick Rodger <hr/> Title: Senior Lawyer <hr/> Email: patrick.rodger@hackney.gov.uk <hr/> Tel: 020 8356 6031 <hr/>
<b>Comments of the Procurement Category Lead</b>	Timothy Lee <hr/> Category Lead - Social Care & Public Health <hr/>

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# Outcomes Payments for Advocacy Services in Hackney

# Outcomes Planning Approach





# NDTi Outcomes



# Outcomes that result in changes for individuals

The following outcomes demonstrate changes for people accessing the advocacy service:

Outcome	Indicator	Target Year 1	Data Sources	% of Incentive Budget
<b>Increased voice and personal control:</b> The person...				
Has influenced the decision making processes	Demonstrable input into decision making processes by those persons able to communicate wishes and wants	TBC	Case Notes, Reports, Surveys, Outcome stars etc	3%
Has with the support of advocacy services achieved specific outcomes or goals	% of cases where persons goals have been achieved Service User Satisfaction	80%  90% Rate Satisfied.	Successfully closed cases, Case Notes, Reports, Outcome stats etc	3%
Is supported to appeal,	% of cases that result in a demonstrable	TBC	Case Notes,	3%

# Outcomes that result in changes for individuals

The following outcomes demonstrate changes for people accessing the advocacy service:

Outcome	Indicator		Data Sources	Incentive
<b>Had rights upheld:</b> The person...				
Has had their rights protected and/or has increased knowledge (or use) of their rights	Decisions processes were successfully challenged	TBC	Cases notes Reports	3%
Challenged injustice:	The person has been protected from abuse or neglect The Person supported to challenge discriminatory practice Safeguarding concerns raised	TBC	Safeguarding Stats Reporting	3%

# Outcomes that change the health and care system

Changes to the health and social care sector as a result of delivering advocacy have been

Outcome	Indicator		Data Sources	Incentive
<b>Improving the quality of service response &amp; service experience by people who use it:</b>				
Services know when and how to refer to independent advocacy	Advocacy services experience a decrease in inappropriate referrals, advocacy services experience an increase in appropriate referrals from a variety of sources	TBC	Referral Data and trends Data Reports	5%
Trends and themes identified by the advocacy service have been acted upon by commissioners and service managers	Action Taken Change in Policy/Approach	TBC	Case Studies	5%
Delivery of Advocacy Information and education	Number of sessions undertaken/ Participants	Minimum 10 sessions	Reporting	5%

# Changes to communities

As a result of delivering an advocacy service, wider community benefits have been:

Outcome	Indicator	Year 1 Target	Data Sources	Incentive
<b>People have improved access to community services:</b>				
Community services have responded to residents need	<p>% of Non Stat cases supported by Community MSMEs</p> <p>Targets achieved for Stat cases by MSMEs</p> <p>Successful Delivery of Statutory Advocacy by MSME Percentage increasing each year</p>	<p>100%</p> <p>5%</p>	Reporting	15%

# Outcomes that change the way the advocacy service is run

As a result of evaluating advocacy, the advocacy service has used that information to:

Outcome	Indicator		Data Sources	Incentive
<b>Improve accessibility to advocacy:</b>				
Progress towards providing a service to ALL eligible people by advocacy network	Expanded Advocacy Network Increased the amount of advocacy (both stat and non stat) provided to people from seldom heard groups BAME, LGBTQIA+	10 organisations to be delivering Non Stat in year 1	Monthly, Quarterly & Annual reports	5%
Delivery of Alternative forms of Advocacy (Peer, Group, Citizen, Self)	Training of Neighbourhood Partners and MSMEs Active Alternative Advocacy	4 neighbourhoods trained Alternative Advocacy Live 200 beneficiaries 4 groups	Reporting	10%
Delivery of culturally appropriate advocacy	Utilisation of a pool of advocates and RPRs representative of the	12 new RPR trained from	Surveys Reporting	5%

# Outcomes that change the way the advocacy service is run

As a result of evaluating advocacy, the advocacy service has used that information to:

Outcome	Indicator		Data Sources	% of Incentive
<b>Governance and Best Practice:</b>				
Meeting targets for cases closed, Timeframes, waiting lists, etc	Closed Case Volumes, waiting list outrages,	Minimum case thresholds 90% seen within agree timeframes	Monthly, Quarterly & Annual reports	10%
Operating within budget	Budget	No request for additional funds	Invoices and forecasts	5%
Ensuring advocates are trained, supervised and supported	Ringfenced training funds agreed with LBH Training started, Qualifications gained	10 new community advocates trained in stat advocacy	Staff Files and Training numbers	5%
Learning from Service User Feedback	Changes to service delivery Co-production	TBC	Case Studies	2%

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<b>Title of Report</b>	<b>Modern Tools for Housing programme transition support</b>
<b>Key Decision No.</b>	<b>FCR S117</b>
<b>CPIC Meeting Date</b>	<b>13 February 2023</b>
<b>Classification</b>	<b>Open</b>
<b>Ward(s) Affected</b>	<b>All</b>
<b>Cabinet Member</b>	<b>Mayor Philip Glanville</b>
<b>Key Decision</b>	<b>Yes</b> <b>REASON: Affects two or more wards; spending</b>
<b>Group Director</b>	<b>Ian Williams</b>
<b>Contract value, <u>both</u> Inclusive of VAT and Exclusive of VAT (for the duration of the contract including extensions)</b>	<b>£1.5 million (original contract value)</b> <b>£0.75 million (value of proposed extension)</b>
<b>Contract duration (including extensions e.g. 2 yrs + 1 yr + 1 yr)</b>	<b>1 year (original contract length)</b> <b>6 months (proposed contract extension)</b>

## 1. CABINET MEMBER'S INTRODUCTION

Providing our housing services teams with the software they need to provide high quality services for our residents is a critical priority - especially in the context of the impact the criminal cyberattack of October 2020 had on the previous legacy housing system, and the redoubling of the Council's efforts to tackle issues of damp and mould in our social housing stock. The Council must be ambitious in how we approach this and make the investments needed to achieve the very highest standards of service, enabled by modern technology and joined up use of data.

The recommendations in this report will enable the continued delivery of the most urgently needed functionality (as prioritised by the housing service), transition to in-house support and development for further work, and is aligned with the strategic review of technology for housing services that is in progress. I support the recommendation.

## 2. GROUP DIRECTOR'S INTRODUCTION

Housing and ICT Services have been delivering a multi-year programme of work to replace the end-of-life systems used by the Council's housing service. Following extensive discovery and user research a strategy was set based on developing a suite of modern, user-centred, cloud-native applications to drive more resident self-service and to simplify the business

processes and technology used to support its tenants and leaseholders in the Council's housing stock. This work was significantly impacted and made more urgent by the cyberattack of October 2020, which resulted in the legacy integrated housing system being unavailable.

This programme has been delivered with a multi-disciplinary team of officers from Housing Services, the in-house ICT Services team and external digital agencies, procured through the Government's Digital Marketplace. In late 2021 the Council procured and contracted an external agency (TPXImpact) to provide staff to augment Hackney ICT personnel and to provide us with specialised skills which were not available from within the in-house ICT team. This contract came into effect in early 2022.

In spring 2022 the recently appointed Strategic Director of Housing commissioned a joint strategic review of the housing service's technology needs. This review is currently underway and expected to complete within the current financial year.

While the review has been in progress, arrangements have been made to accelerate the delivery of the most critical functionality prioritised by product owners in the housing service and transition to the in-house team for support and delivery of further work.

This contract variation is required to:

- Provide the specialist skills and resources needed to deliver prioritised work
- Enable the successful transition to in-house support and further delivery for the products that have been developed
- Provide product management leadership for the work through the transition phase and while the restructure of the Council's ICT Service is completed (which is planned to provide in-house product management roles).

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

**That Cabinet Procurement & Insourcing Committee approves a contract variation, to extend by a maximum period of six (6) months, the current contract for Modern Tools for Housing software development services.**

### **4. RELATED DECISIONS**

The original contract with TPXImpact for the current phase of work was procured through the Digital Outcomes and Specialists 4 (DOS4) Framework of the Government Digital Marketplace and approved by HPB on 17 March 2022.

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

- 5.1. 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.
- 5.2. 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.

5.3. 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:

- 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.
- 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.

5.4. Variation of this contract is permitted under Regulation 72 which states:

*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) 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*
- (ii) would cause significant inconvenience or substantial duplication of costs for the contracting authority,*

*provided that any increase in price does not exceed 50% of the value of the original contract*

5.5. 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:

- Delay the delivery of essential functionality required by Housing services, whose legacy system was rendered unavailable by the criminal cyberattack of October 2020.
- 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.
- Incur duplication of costs through otherwise unnecessary handover prior to the transition to in-house support and development.

No further variation will be required once the transition to the in-house model is complete.

5.6. 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.

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

- 6.1. In October 2022, when the original contract was approaching its end, the option of conducting a new procurement exercise was considered. This was rejected on the grounds that:
- The strategic review was in progress, so it was not possible to define a clear specification and requirements for a new procurement at that time.
  - Transition to a new provider would have required onboarding and handover that would have delayed delivery of urgently needed requirements.
- 6.2. The option of making a transition to an exclusively in-house model was also considered. This was agreed as the longer term direction pending completion of the strategic review. There were, however, urgent requirements that need to be delivered which exceed the current in-house capacity and transition and handover is also required to ensure a sustainable change in approach.
- 6.3. The ICT team has worked with colleagues in Corporate Procurement and Legal Services to assess the options. As the strategic review was ongoing at that point, and the outcome of that review was expected within a short timescale, it was considered to be prudent to continue with the existing TPXImpact contract under a variation - as set out in this report.

## **7. PROJECT PROGRESS**

As noted in section 5, a strategic review of the housing service's technology needs is currently in progress. The proposed variation is in the context of that and will enable delivery of priority functionality and transition to the in-house ICT team for support and further development pending the conclusion of the strategic review.

As noted in 5.5 above, 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.

## **8. SAVINGS**

The proposed variation will enable transition to the in-house ICT team for support and further development pending the conclusion of the strategic review. There are no cashable savings arising from this variation.

## **9. SUSTAINABILITY ISSUES AND OPPORTUNITIES, SOCIAL VALUE BENEFITS**

This report is proposing a variation to the original contract approved by HPB on 17 March 2022. Sustainability considerations are as set out in the original contract award.

## **10. TENDER EVALUATION**

N/A - this report is proposing a variation to the original contract approved by HPB on 17 March 2022.

## **11. CONTRACT MANAGEMENT ARRANGEMENTS**

Delivery of the work required under the proposed contract variation will be managed by the joint team from Housing services and ICT services, reporting to the Housing Steering Group (chaired by the Strategic Director, Housing).

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

- 12.1 The recommendation to extend this contract by six months is estimated to cost £750K. The extension to the contract is essential for the continued delivery of essential software tools for housing services and ensuring an effective transition to an effective housing management system. The budget for the additional cost of the extension has been included in the approved Housing capital budgets.

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

Not applicable

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

- 13.1 With respect to proposed variations of contract, paragraph 4.3 of Contract Standing Orders states that "the total cost of a contract for this purpose is always the cost of the original contract plus the cumulative cost of all previous and proposed variations". Paragraph 4.8 of Contract Standing Orders states that "..... If the total cost of the contract, inclusive of the proposed variation is under £2m, approval must be sought from the Hackney Procurement Board or Cabinet Procurement and Insourcing Committee, if the total cost of the contract is above £2m". The total cost of the contract in this Report, inclusive of the proposed variation sought, is over £2m and therefore this Report is being submitted to Cabinet Procurement and Insourcing Committee for approval.
- 13.2 Regulation 72(1)(b) of the Public Contracts Regulations 2015 allows for a modification of a contract 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) 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 (ii) would cause significant inconvenience or substantial duplication of costs for the contracting authority. This is subject to the provision that any increase in price does not exceed 50% of the value of the original contract. The provisions of (i) and (ii) above would appear to apply in this instance and the proposed value of the variation does not exceed 50% of the initial contract value. Therefore this proposed variation is allowed under such Regulation.

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

At the beginning of 2022, the ICT department went out on a mini competition using the Government's Digital Outcomes and Specialists (DOS) Framework to obtain the Most Economically Advantageous proposition for this service. TPXImpact obtained 97% in quality and the best in price therefore was awarded the contract.

An extension provision was embedded in the original business case and as explained at the beginning of this report, extra time and funds is required for the completion of the service.

From procurement perspective, as this was competitively procured via mini competition from a compliant Framework and the supplier has demonstrated best value for money, there is no objection to this extension as the report provides reasons for extension under Public Contracts Regulations is likely to be under the following provision in Regulation 72 (1-b).

## APPENDICES

N/A.

## EXEMPT

N/A.

## 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**

None.

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