



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

Tuesday, 2 May 2023 at 3.00 pm
Council Chamber, Hackney Town Hall,
Mare Street, London E8 1EA

Live stream link: <https://youtu.be/Q2p8Qb-Mh5k>

Back up link: <https://youtu.be/0Ef8q-Ggp5c>

Members of the Committee:

Councillor Robert Chapman, Cabinet Member for Finance, Insourcing and Customer Service (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
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Cabinet Procurement and Insourcing Committee

Tuesday, 2 May 2023

Order of Business

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 are invited to consider the guidance which accompanies this agenda and make declarations as appropriate.

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

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 12-15

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.

5 Deputations/Petitions/Questions

None received at the time of the agenda publication.

6 Unrestricted Minutes of the Cabinet Procurement and Insourcing Committee (Pages 9 - 16)

To confirm the unrestricted minutes of the meeting of Cabinet Procurement and Insourcing Committee held on 17 April 2023

7 CHE S191 London Fields Lido Teaching Pool - Appointment of Works Contractor: Enclosed (Pages 17 - 34)

8 FCR S193 Decarbonisation of Heat in Commercial Buildings (PSDS3b)
: Enclosed (Pages 35 - 52)

9 CE S173 Children's Early Years Catering: Enclosed (Pages 53 - 64)

10 Any Other Unrestricted Business the Chair Considers to be Urgent

11 Exclusion of the Public and Press

Note from the Governance Team Leader:

Item(s) 12-15 allows for the consideration of exempt information.

Proposed resolution:

THAT the press and public be excluded from the proceedings of the Cabinet Procurement Committee during consideration of Exempt items x-x on the agenda on the grounds that it is likely, in the view of the nature of the business to be transacted, that were members of the public to be present, there would be disclosure of exempt information as defined in paragraph 3 of Schedule 12A to the Local Government Act 1972 as amended.

12 CHE S191 London Fields Lido Teaching Pool Appointment of Works Contractor - EXEMPT Appendix A : Enclosed (Pages 65 - 66)

13 FCR S193 Decarbonisation of Heat in Commercial Buildings (PSDS3b)
- **EXEMPT Appendices A and B** : Enclosed (Pages 67 - 156)

14 CE S173 Children's Early Years Catering
- **EXEMPT Appendix A** : Enclosed (Pages 157 - 158)

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.



DRAFT UNRESTRICTED MINUTES OF THE CABINET PROCUREMENT AND INSOURCING COMMITTEE

MONDAY, 17 APRIL 2023 (5PM)

THE MEETING WAS LIVE STREAMED AND CAN BE VIEWED HERE:

<https://www.youtube.com/watch?v=aIUSRxc4WiQ>

Chair:	Cllr Robert Chapman (Cabinet Member for Finance, Insourcing and Customer Services)
Councillors Present:	Cllr Chris Kennedy (Cabinet Member for Adult Social Care, Voluntary Sector and Culture) Cllr Caroline Woodley (Cabinet Member for Families, Parks and Leisure)
Apologies:	Cllr Anntoinette Bramble (Deputy Mayor (Statutory) and Cabinet Member for Education, Young People and Children's Social Care) (Joined virtually)
Officers Present:	Rotimi Ajilore (Head of Procurement), Tessa Mitchell (Governance Team Leader)
Officers in Virtual Attendance:	Jenny Murphy (Assistant Director Strategic Commission for Adult Social Care & Public Health) James Whitehouse (Senior Insurance Officer) Lola Olawole (Public Health Commissioning Manager) Carolyn Sharpe (Consultant in Public Health) Divine Ihekwoaba (Category Lead - Construction and Environment) Merle Ferguson (Procurement Strategy and Systems Lead) Leila Gillespie (Procurement Category Lead Commissioning Manager) Patrick Rodger (Senior Lawyer) Timothy Lee (Public Health Commissioning Manager)

1. Apologies for absence

- 1.1 Apologies for absence received from Deputy Mayor Bramble who joined the meeting virtually.

2. Urgent Business

- 2.1 There were no items of urgent business.

3. Declarations of Interest - Members to declare as appropriate

- 3.1 There were no declarations of Interest.

4. Notice of Intention to Conduct Business in Private, any Representations Received and the Response to Any Such Representations

- 4.1 There were no representations received.

5. To Consider any Deputations, Questions or Petitions Referred to the Cabinet Procurement and Insourcing Committee by the Council's Monitoring Officer

- 5.1 Questions have been received from Cllr Binnie-Lubbock with regard to agenda item 7 - Adult Social Care Transformation.

6. Unrestricted Minutes of the Meeting Held on 13 March 2023

RESOLVED:

That the unrestricted minutes of the Cabinet meeting on 13 March 2023 be approved as a true and accurate record of proceedings.

7. AHI S150 Adult Social Care Transformation - Business Case

- 7.1 The Assistant Director Strategic Commission for Adult Social Care & Public Health introduced the report, highlighting the following:

- Recommendation for approval to go out to tender for a delivery partner to support the design and implementation phases of the adult social care transformation programme. The project will be for up to three years and the value will be kept at the price submitted by the winning bidder and released as savings as achieved.
- In 2022, during the first phase of the project, officers appointed a strategic partner to support the transformation project and carry out diagnostic exercises to identify opportunities for improved outcomes for adult social care residents. The diagnostic identified a number of areas that would benefit from a redesign and showed improved outcomes for up to 4000 residents whilst at the same time giving benefits to the Council of up to £35 million over the next five to six years.
- The project is now in a position to move into a design and implementation phase in partnership with a service provider who would be asked to demonstrate their sound experience and track record for delivering this work.

- 7.2 Cllr Kennedy thanked Assistant Director Strategic Commission for Adult Social Care and Public, and Procurement teams for their work. Cllr Kennedy acknowledged the work that went into the business case presented and would expect to see the contract proposal in July.
- 7.3 With reference to 5.21, Cllr Woodley indicated her support for the proposals and highlighted the volume of work to be undertaken. Deputy Mayor Bramble reiterated Cllr Woodley comments and welcomed the number of residents that would benefit from the programme.
- 7.4 Questions from Cllr Binnie-Lubbock:
- (i) *This proposed transformation of Adult Social Care depends upon 'demand management and cost avoidance' (5.10). Can Cllr Kennedy outline where community input or patient voice sits in this plan for redesigning how care is delivered in the borough to make sure reduction in quality of care is not at risk because of cost avoidance?*
 - (ii) *Para 5.8 states that "The diagnostic work has also shown that it is easier to undertake critical challenges and be visionary if not so close to the embedded practice as Council officers are." Is there an inverse risk that an external transformation team, working on a no-win no fee type basis will have less skin in the game as it were, and be less motivated and informed by long-term, real world experience in service delivery?*
 - (iii) *Can Cllr Kennedy explain what is meant by 'some poor practice' in the current culture of adult social care (in 5.11) which it is felt external agencies will be better placed to address?*
- 7.5 Cllr Kennedy highlighted the Council's commitment in co-production whilst seeking to improve the packages of care, and working with people who are already known to the Council. Cllr Kennedy went on to say that the provider is expected to have 'skin in the game' as they will be investing their own resources upfront. The provider will have to produce results in order to gain profit.
- 7.7 The Assistant Director Strategic Commission for Adult Social Care & Public Health stated that whilst savings through costs avoidance are expected, work is primarily about improving outcomes and providing care in a different way.
- 7.9 The Chair indicated that the committee will take a closer look at sustainability issues in July when the tendering process has been completed.

ACTION:

- (1) Assistant Director Strategic Commission for Adult Social Care & Public to present proposed contract award to the Committee in July 2023 once the tender process has been completed.

- (2) Officers to ensure that the contract award is listed for key decision on the Council's Executive Meetings Key Decision Notice as appropriate.
- (3) The Assistant Director Strategic Commission for Adult Social Care & Public Health to provide a written response to Cllr Binnie-Lubbock.

RESOLVED:

The Committee agreed to go out to tender for a delivery partner to support the design and implementation phases of the transformation programme using the Crown Commercial Service (CCS) Management Consultancy Framework 3, Lot 3 (Complex and Transformation). The contract will be for up to three years and the contract value will be capped at the price submitted by the winning bidder and released as savings are achieved.

8. General Exception AH1 S192 City and Hackney Enhanced Health Visiting Service - Contract Award

8.1 The Public Health Commissioning Manager introduced the report, highlighting the following:

- Recommendation to seek approval to award a contract to Provider A for an enhanced health visiting service for a 5 year period from 1 September 2023. Total value of the contract will be a max of £34.8 million.
- The service is for children and families from pregnancy up to 5 years and is designed to deliver at scale and intensity in proportion to the needs of the community.
- It aims to provide a needs-led model and evidence-based interventions at five different levels, with flexibility that allows families to progress between the different services in accordance with their needs.
- The model will also include a home visit service that will also cover vulnerable families with complex needs including parents who have had children removed.
- It will comprise of three additional targeted visits which is in addition to the five mandated visits and will include speech and language visits.

8.2 The Chair queried the need for the General Exception requirement when it probably could have been foreseen that there was a need for the review of the service. In response, Consultant in Public Health apologised and stated that delays to the timeline was as a result of negotiations on the bid. This was in addition to not having foreseen that there was initially not going to be a Cabinet Procurement Insourcing Committee meeting in May.

8.3 Cllr Woodley sought reassurance about specialist support for young parents and queried whether this resource will be available year on year as this is not set out in the report. In response, Consultant in Public Health agreed to have discussions with the provider on the mobilisation period around training, and will include a standing item at quarterly performance meetings to ensure that there is a regular focus on the number of young parents being supported and their outcomes. Additionally, highlighted in the specification is that there is a high impact role around vulnerable cohorts so therefore able to draw on some of the information through that stream of work.

- 8.4. The Chair stated that there could have been more detail on the sustainability issues and asked that further details are shared with the Committee.

ACTION:

- (1) Consultant in Public Health to follow up with the provider on support for young parents and capturing the outcomes.
- (2) To prepare a briefing note in consultation with the Procurement team addressing the sustainability issues.

RESOLVED:

The Committee agreed to award the Enhanced Health Visiting Service contract to Provider A for a period of a maximum of five years (2+1+1+1) from the 1st of September 2023. The total value of the contract will be a maximum of £34,850,000 (An average of £6,970,000 per year).

9 FCR S180 Procurement of Core Insurance Provision Contract Award (Officer Key Decision) - For Noting

9.1 Senior Insurance Officer introduced the report and highlighted:

- The report is for noting by the Committee following the decision to approve Lots 2 - 6 in February 2023.
- The decision with respect to Lot 1 property insurance was deferred and delegated to the Group Director for Finance and Corporate Resources. The insurance policy was incepted as of 1 April 2023.

9.2 The Chair acknowledged the challenges presently faced in the insurance market however highlighted that more could have been said in the report about the Council's green ambitions, the KPIs that are being developed and innovation.

ACTION:

- (1) Senior Insurance Officer to provide a briefing note to the Committee that provides further detail on the Council's green ambitions, the KPIs referenced in the report and innovation.

RESOLVED:

That the Committee agree the recommendations as set out in the report.

10. Any Other Unrestricted Business the Chair Considers to be Urgent

10.1 There was no other business that the Chair considered urgent.

End of meeting.

5.00-5.40pm

Date of the Next Meeting

The next meeting will be held at 3.00pm on 2 May 2023.

CABINET PROCUREMENT AND INSOURCING COMMITTEE

ACTIONS TRACKER as at 3/5/23

Ref	Meeting Date	Agenda Item	Action	Assigned to	To be completed by	Status
1	16/1/23	AHI S162 - Integrated Mental Health Network	<p>Senior Public Health Practitioner to share the lessons learned report with Committee Members when available.</p> <p>Update 03/02/23: internal lessons learned session already taken place and report will follow once a session with external stakeholders has been held.</p>	Jennifer Millmore	Tbc - March 2023	Pending
2	13/3/23	CE S174 SEND DPS Transportation Contract Award Approval	Action - Head of SEND : That a report back to a future meeting on the development of performance indicators and processes to ensure compliance with the commitment to the use of low emission vehicles and alternative fuels to reduce the environmental impact.	Joe Wilson	No Specific Date	Pending
3	17/4/23	AHI S150 Adult Social Care Transformation - Business Case	(1) Assistant Director Strategic Commission for Adult Social Care & Public to present proposed contract award to the Committee in July 2023 once the tender process has been completed.	Jenny Murphy	May 2023	Outstanding

			<p>(2) Officers to ensure that the contract award is listed for key decision on the Council's Executive Meetings Key Decision Notice as appropriate.</p> <p>(3) The Assistant Director Strategic Commission for Adult Social Care & Public Health to provide a written response to Cllr Binnie-Lubbock.</p>			
4	17/4/23	General Exception AHI S192 City and Hackney Enhanced Health Visiting Service - Contract Award	<p>(1) Consultant in Public Health to follow up with the provider on support for young parents and capturing the outcomes.</p> <p>(2) To prepare a briefing note in consultation with the Procurement team addressing the sustainability issues.</p>	Carolyn Sharpe	May 2023	Outstanding
5	17/4/23	FCR S180 Procurement of Core Insurance Provision Contract Award (Officer Key Decision) - For Noting	(1) Senior Insurance Officer to provide a briefing note to the Committee that provides further detail on the Council's green ambitions, the KPIs referenced in the report and innovation.	Jamie Whitehouse	May 2023	Outstanding



CABINET PROCUREMENT & INSOURCING COMMITTEE

CONTRACT AWARD REPORT

Title of Report	London Fields Lido Teaching Pool - Appointment of Works Contractor
Key Decision No.	CHE S191
CPIC Meeting Date	2 May 2023
Classification	Open Report with Exempt Appendix A:
Ward(s) Affected	London Fields
Cabinet Member	Cllr. Caroline Woodley (Cabinet Member for Families, Parks and Leisure)
Key Decision	<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>
Group Director	Rickardo Hyatt (Group Director, Climate, Homes & Economy)
Contract value, <u>both</u> Inclusive of VAT and Exclusive of VAT (for the duration of the contract including extensions)	c.£3.9m exc. VAT (£4.2m inc. VAT)
Contract duration (including extensions e.g. 2 yrs + 1 yr + 1 yr)	18 months

1. Cabinet Member's Introduction

- 1.1 The development of a teaching pool at London Fields Lido is a key priority for the Council having been published as a Manifesto commitment in '**Working Together for a Better Hackney (Hackney Labour Manifesto 2022-2026)**'.
- 1.2 The Council's review of Indoor Sports Facilities, as set out in the Indoor Sports Facilities Strategy, confirmed that there is an identified under-supply of water

space in the Borough and the delivery of a teaching pool at London Fields Lido will help reduce this under-supply, creating additional accessible provision for the whole community. The results of the Indoor Facilities Strategy are summarised in the [Hackney Council Infrastructure Delivery Plan \(2018\)](#) (p126 - 141).

- 1.3 Introducing a new teaching pool at London Fields Lido will also increase programme flexibility and improve access to the facility for a variety of groups, ages and abilities who may currently be excluded. Some of the main beneficiaries will be children and young people for learn to swim sessions, faith groups, single gender sessions, disability groups etc.
- 1.4 The teaching pool extension will enhance the Lido facilities and enable the re-use of the former paddling pool site for accessible sports and leisure use year round, and funding has therefore been included in the 2022/23 and 2023/24 capital programmes to deliver the project, which I wholeheartedly support.

2. Group Director's Introduction

- 2.1 Funding has been approved and included in the Council's capital programme to progress the delivery of the new teaching pool at London Fields Lido, aimed at improving the quality of provision in the Borough and expanding the offer to a wider section of the community.
- 2.2 In September 2022, an experienced project management and design team was appointed, using the Pagabo Professional Services Framework - Lot 1, to ensure the successful delivery of the London Fields Lido Teaching Pool, and in January 2023, Hackney Procurement Board (HPB) approved the proposed strategy for the procurement of a works contractor.
- 2.3 The appointed consultant team have made good progress with design options for the teaching pool and ancillary facilities at London Fields Lido with ground investigations and various site surveys having been completed. Consultation meetings have taken place with the Local Planning Authority and an extensive community engagement exercise has recently been completed.
- 2.4 The following Report sets out the process for the procurement of the works contractor (the Contractor) through a two-stage design and build procurement route using the Scape Framework and recommends the appointment of the preferred Contractor.

3. Recommendations

- 3.1 **That Cabinet Procurement & Insourcing Committee (CPIC) approves the selection of the preferred contractor (Contractor B), as noted in the Exempt Appendix A, and the issue of the Scape 'Project Request' form to Contractor B to carry out the Feasibility Study to develop the new teaching pool and ancillary facilities at London Fields Lido.**

- 3.2 Subject to the satisfactory completion of the Feasibility Study, that CPIC agrees to delegate the approval to enter into a 'Pre-Construction Services Agreement' with Contractor B referenced in paragraph 5.15, to the Group Director, Climate, Homes & Economy Directorate in consultation with the Group Director of Finance and Corporate Resources.
- 3.3 That CPIC agrees to delegate the approval of the Contract Award for the appointment for the main works (subject to agreement being reached with the Contractor B on price and supporting information for the building contract) to the Group Director, Climate, Homes & Economy Directorate in consultation with the Group Director of Finance and Corporate Resources.
- 3.4 Subject to the award of contract in paragraphs 3.1 and 3.3 above, that CPIC agrees to authorise the Director, Legal, Democratic and Electoral Services to agree and enter into all necessary legal documentation in relation thereto.

4. Related Decisions

- 4.1 At its meeting on 20 January 2020, the Council's Cabinet gave resource approval for £4.5m to develop a new learner/teaching pool at London Fields Lido to expand and complement the current offer of the main pool.
- 4.2 At its meeting on 9 August 2022, Hackney Procurement Board (HPB) approved the appointment of an experienced Consultant Team, using the Pagabo Framework, to ensure the successful delivery of the London Fields Lido teaching pool project.
- 4.3 At its meeting on 10 January 2023, HPB approved the proposed strategy for the procurement of a construction / works contractor for the development of the teaching pool and ancillary facilities at London Fields Lido through a two-stage design and build procurement route using the Scape Framework.

5. Reason(s) For Decision / Options Appraisal

- 5.1 The Council has long recognised the impact that sport and physical activity can have on the achievement of its vision / priorities and, in recent years, has made improvements to both the quality and operation of its sport and leisure facilities. However, we are now at a watershed in terms of having to make some decisions about how the facilities will continue to meet the demands and expectations of the community, within the context of a changing population and reducing resources.
- 5.2 The future of the Council's Sport and Leisure provision has been re-evaluated over recent years, given the expected changing population, increasing customer expectations and age and condition of the leisure buildings. The review process adopted an integrated approach towards the Council's leisure facilities that sought to:

- Improve the quality of provision to ensure it continues to meet the demands and expectations of the community;
 - Remove barriers, improve access and increase participation;
 - Improve the financial and environmental sustainability of provision; and
 - Identify opportunities to attract inward investment to fund the new or improved sport and leisure provision.
- 5.3 This Report relates to the appointment of a preferred works contractor following completion of a procurement exercise using the Scape Framework, for the development of the new teaching pool at London Fields Lido.
- 5.4. As previously mentioned, in September 2022, a multi-disciplinary consultant team was appointed to project manage and design the development of a new enclosed teaching pool at London Fields Lido. The new pool will provide a valuable new facility that can be used by the whole community throughout the year and will complement the existing and extremely popular open air 50m main Lido. The new facility needs to be sustainable, both financially and economically, and reduce carbon emissions.
- 5.5 The Project is logistically challenging, being built within a live site, as both the Lido and adjacent Parks' depot will need to remain in use. The new pool and associated accommodation will also need to be connected to the existing building and will require structural alterations. Pool projects are inherently difficult, specialist developments and it is therefore important to employ a contractor with suitable experience of this type of project.
- 5.6 The total Project Budget is £4.5m, with £3.9m of this being the construction cost. This is below the Public Contract Regulations - 'Public Works' threshold of £4,447,447, excluding 20% VAT. There are no additional revenue costs to the Council associated with the development of the new teaching pool and ancillary facilities, as London Fields Lido is already included within the leisure management contract with GLL and any increase in operational costs will be offset by the additional income generated by the new teaching pool.
- 5.7 COVID, Brexit, and most recently the war in Ukraine and the cost of living crisis, are all having a significant impact on the construction market, with an upturn in construction activity coinciding with a lack of available materials and resources. This has led to significant price increases and contractors will therefore prioritise well run, low risk projects, with a high probability of them going ahead.
- 5.8 A potential recession may slow down construction activity, however this is only likely to see a levelling of the market, rather than a wholesale reduction in prices, and it will inevitably put contractors under financial strain. It will be important, therefore, to select a contractor that is both experienced in the delivery of wet leisure facilities and financially stable.
- 5.9 As reported to HPB, the original preferred route for the procurement of a works contractor for the London Fields Lido teaching pool was to appoint the

contractor through a single stage design and build procurement utilising an established framework such as Constructionline. However, the final decision would depend on the available frameworks, and the appetite of the contractors for this project and a single stage design and build procurement route. To confirm the procurement route, soft market testing of this approach was carried out to assess the level of interest and experience of the contractors available i.e. good leisure and swimming pool experience.

5.10 The results of the soft market testing confirmed that:

- There was no appetite for a single stage procurement route from contractors with suitable leisure/pool experience;
- The contractors approached are still busy with a good pipeline of opportunities and are only interested in a two-stage procurement route;
- The project is too small for some of the contractors; and
- Without being prompted, interested contractors suggested the use of an established framework and subsequently confirmed their interest in bidding through the Scape Framework.

5.11 A 'Two Stage Develop and Construct' procurement route was therefore chosen for the project, with the Building Contract being procured through the Scape Framework (England and Wales, £0-£7.5m), which fully complies with Regulation 28 of the Public Contracts (England, Wales and Northern Ireland) Regulations 2015.

5.12 Two contractors were appointed to this Framework. Tenders were requested from both contractors who were also invited to a Post Tender Presentation Meeting. The tenders were assessed on a quality only basis, following assessment of both their tender documents and their post tender presentation (see Exempt Appendix A for details of the Scape Framework contractors).

5.13 The Contractors on the Framework were provided with as much information about the project as possible and posed 3-4 questions, such as team/track record, methodology/programme, added value and social value. The contractors prepared a presentation in response to the questions and presented this to our evaluation panel. The topics/questions were weighted to help with the scoring and selection, as per the ITT documents that Procurement issued via ProContract.

5.14 This process will allow the selection of a preferred Contractor to work with the Council's project team during the pre-construction phase (Stage 1).

5.15 Once the Contractor has been appointed, the Scape 'Project Request' form will be issued to the Contractor to complete a Feasibility Study, which will include their view on design, enabling works, demolition, surveys, utilities, programme, risk, construction logistics etc., and will provide a cost estimate and confirm their pre-construction fees in line with the Scape Framework Agreement. Assuming this is satisfactory, the preferred contractor will be appointed under a Pre-Construction Services Agreement (PCSA), to work with the Council's project team and price the works once the design has been

developed in sufficient detail (for this project it will be at the end of Stage 4). This will be carried out on an open book basis where the contractor obtains 3-4 quotes for each package. The agreed Overhead & Profit and management rates set out in the Framework Agreement are then added to this and the quotations for each package will be scrutinised by the cost consultant (F+G) to ensure the Council achieves best value. This is broadly the same process that the Council followed for the development of the new Britannia Leisure Centre, albeit through a different Framework.

- 5.16 The Building / Works Contract will then be entered into with the preferred Contractor upon completion of the pre-construction period, tendering the sub-contractor packages and agreeing a fixed contract sum for the works (Stage 2). There is no obligation to enter into the Building / Works Contract if an agreement cannot be reached with the preferred Contractor during the pre-construction period.
- 5.17 As outlined in recommendations 3.2 and 3.3, delegated approval is being sought for the reasons outlined below:

- Once the contractor's Feasibility Study has been completed and considered satisfactory by the Council's project team, it's important that the preferred contractor is appointed under a Pre-Construction Services Agreement (PCSA) without delay, to work with the Council's project team to develop the design in sufficient detail to allow the preferred contractor to tender their subcontractor packages and agree a fixed contract sum for the works.

Completion of the contractor's Feasibility Study is a very quick exercise, taking 3 weeks and would normally be done under a PCSA. However, the Scape Framework requires this to be two separate instructions, hence the need to be able to move quickly and seamlessly into the PCSA following the successful completion of the Feasibility Study.

- Due to the current volatility of construction costs, the contractor's supply chain needs to be engaged as soon as possible, to keep costs low and ensure the project is delivered within budget. It's worth noting that the cost of the teaching pool project has increased by more than 20% since the project was approved and funding included in the Council's capital programme. Any delay in the reporting and approval process could result in further cost increases which could render the project undeliverable.

Alternative Options (Considered and Rejected)

- 5.18 Alternative options considered and rejected for the procurement of the works contractor for the new teaching pool at London Fields Lido were outlined in the Business Case report presented to HPB:

Procurement Route	Pros	Cons	Reason for Rejection
Do nothing	<ul style="list-style-type: none"> • There are no advantages in 'doing nothing' for the reasons outlined in the adjacent 'Reason for Rejection' column. 	<ul style="list-style-type: none"> • The disadvantages of a 'doing nothing' option are outlined in the adjacent 'Reason for Rejection' column. 	<ul style="list-style-type: none"> • The development of a teaching pool at London Fields Lido needs to be delivered as it is a published Manifesto commitment in 'Working Together for a Better Hackney (Hackney Labour Manifesto 2022-2026)'. • Funding has been allocated in the 2022 / 23 and 2023/ 24 capital programmes for the project. • The Indoor Sports Facilities Strategy confirmed that there is an identified under-supply of water space in the Borough and the delivery of a teaching pool at London Fields Lido is designed to help reduce this under-supply, creating additional accessible provision for the whole community.
Traditional	<ul style="list-style-type: none"> • Complete control over design and product selection. • Reduction in post contract changes. 	<ul style="list-style-type: none"> • Longest lead time before starting on site, therefore a longer overall programme. • Design risk sits with the client. • No price certainty until much later in the project. • No sub-contractor input. 	<ul style="list-style-type: none"> • This approach is rarely used under framework agreements

Procurement Route	Pros	Cons	Reason for Rejection
		<ul style="list-style-type: none"> ● No incentive for contractors to solve problems. ● Rarely used for this type of project i.e. development of a swimming pool. 	
Management Contracting / Construction Management	<ul style="list-style-type: none"> ● Client retains full control of the project. ● Design and construction are overlapped, therefore reducing the overall programme. ● Flexibility to make changes. ● Open book approach. 	<ul style="list-style-type: none"> ● Client unable to transfer design and project risks. ● Increased contract management. ● No price certainty until very late in the construction phase. ● Very resource intensive for the Client team. ● More suited to large complex projects. 	<ul style="list-style-type: none"> ● There are currently no frameworks available for this type of procurement.
Partnering	<ul style="list-style-type: none"> ● Least adversarial. ● Open book approach. ● Early contractor input on buildability issues. ● Should achieve a high-quality product. 	<ul style="list-style-type: none"> ● More costly. ● Client is unable to transfer design and project risks. ● No price certainty until the end of the construction phase. ● Not suited to one-off projects where there is little opportunity to benefit from a long-term relationship. 	<ul style="list-style-type: none"> ● There are currently no frameworks available for this type of procurement, although some frameworks do introduce an element of partnering.

6. Project Progress

6.1 Developments since the Business Case approval

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

6.2 Whole Life Costing/Budgets

6.2.1 The budget for the construction of the teaching pool is approximately £3.9m, which will be funded from the Council's capital budget for the teaching pool development (£4.5m).

6.2.2 The funding for the project management and design team is being met from the capital budget, which has been ring fenced specifically for the project.

6.2.3 The operation of the new teaching pool will be included in the existing contract with GLL and will not result in any additional cost to the Council.

6.3 Risk Assessment/Management

6.3.1 The following table summarises the major risks associated with the project and includes headline mitigation actions required to minimise them. The project was allocated a 'Medium' risk rating through the procurement Risk Assessment Tool (RAT).

6.3.2 A project risk register has been created following a risk management workshop attended by the entire project management and design team in February. This will be updated throughout the project lifetime, however, outlined below are some examples of the risks that could impact on the delivery of the project:

Risk	Likelihood	Impact	Overall	Action to Avoid or Mitigate Risk
	L - Low; M - Medium; H - High			
Design proposals for the facility are not supported by the community.	M	M	M	Ensure consultation with key stakeholders and local residents is undertaken to secure community support for the facility improvements.
Planning approval and / or PINS consent cannot be obtained for the teaching pool at London Fields Lido.	L	H	M	Continued liaison with the planning department throughout the design phase of the Project, and prior to the submission of a planning application.

Risk	Likelihood	Impact	Overall	Action to Avoid or Mitigate Risk
	L - Low; M - Medium; H - High			
Limited interest from framework contractors to tender for the work.	L	H	M	Ensure soft market testing is undertaken to confirm interest in the project from experienced contractors.
The initial cost plans for the preferred facility development are higher than the capital budget.	L	M	L	Accurate costing by the cost consultant, design adjustments and value engineering if required.
Delays to the project timescales.	M	H	M	Ensure that a realistic, thorough timeline and plan (critical path) is in place so that key milestones are met.

7. **Savings**

- 7.1 There will be no significant impact on cashable savings, although procurement will seek best value for money wherever possible.

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

8.1 **Procuring Green**

- 8.1.1 The architects and M&E consultant have incorporated as many green and environmental features as possible within the design elements of the Project, to provide a successful, sustainable and energy efficient facility.
- 8.1.2 During the construction / installation works there is the potential for short term negative impacts on the local environment. However, these impacts will be carefully managed and mitigated as far as possible by the project team, in conjunction with the preferred contractor.
- 8.1.3 Working hours will be restricted and any disruption during the course of the works will be carefully managed, monitored and clearly communicated so that disruption is kept to a minimum.
- 8.1.4 The ITT required the Framework contractors to have a good track record of environmental management and suitable environmental accreditations, for example be members of the Considerate Contractors Scheme.

8.1.5 The construction contract will also include appropriate environmental procedures and during the work on site there will be regular monitoring including a requirement of the contractors to submit details of their proposal for the removal of any waste materials. KPI's relating to the above environmental considerations such as reporting on waste management and local sourcing of materials, will also be included in the contract.

8.2 Procuring for a Better Society

8.2.1 There will be no adverse economic impacts. The improvement to the Lido's facilities will have a positive impact on the local community as they will be more attractive, more accessible and offer more to visitors in terms of interest and activities.

8.2.2 The Council seeks to encourage employment and training opportunities, arising from any commission, to benefit local residents and local businesses. In particular, the Council seeks to support vulnerable and disadvantaged sections of the community including women, BAME groups, disabled people and unemployed youth (18-25 years).

8.3 Procuring Fair Delivery

8.3.1 The principles of procuring fair delivery include: fulfilling our public sector equality duty; following ethical practices such as Fair Trade; paying the London Living Wage; tackling modern slavery and human trafficking and ensuring that communities, suppliers and workforces are diverse.

8.3.2 The Council is committed to ensuring that workers' rights are preserved in the context of fair and prompt payment to subcontractors, and as part of the procurement of new contractors, and when a decision is made to in-source a service. Each bidder will be required to comply with the Council's requirements with regards to the specification, local labour and employment and skills.

8.3.3 In accordance with the Sustainable Procurement Strategy we will require our suppliers to offer wages and benefits that, at a minimum, meet relevant industry benchmarks and nationally required standards, and to consider pay and workforce conditions in its services and works contracts in a manner consistent with Best Value, ensuring that pay rates are at least equivalent to the London Living Wage.

8.3.4 Facility improvements will meet all relevant British Standards and Regulations and will be compliant with the Equality Act 2010 .

8.4 Equality Impact Assessment and Equality Issues

8.4.1 Introducing a new teaching pool at London Fields Lido will increase programme flexibility and improve access to the facility for a variety of groups, ages and abilities who may currently feel excluded. Some of the main beneficiaries will be children and young people for 'learn to swim' sessions, faith groups, single gender sessions, disability groups etc.

- 8.4.2 The proposed extension will enhance the Lido facilities through the provision of an enclosed 13m x 7m teaching pool that can be used all year round and, in line with other Council swimming pools in the Borough, the new teaching pool will offer 'free swimming for under 18's'. It is expected that the design of the new pool and external terrace area, along with the 100% moveable floor, will be able to replicate to some degree the 'padding pool experience' for local residents in the summer.
- 8.4.3 There will be no adverse impacts to the local community or economy. The improvements to the Lido's facilities will have a positive impact on the local community - they will be new, accessible and offer more for customers in terms of accessibility, interest and activities. The teaching pool extension will enhance the Lido facilities and enable the re-use of the former padding pool site for accessible sports and leisure use.

8.5 Social Value Benefits

- 8.5.1 The ITT required the contractors' submission to demonstrate how the outcomes of the Council's Sustainable Procurement Strategy would be delivered through the delivery of the Project. The Social Value proposition is considered a key element of the Brief and will be monitored as a core part of performance reporting. The contractors' response included completion of the Council's Employment and Skills Plan Template and provided specific proposals for the social value measures identified as 'client' in schedule 18, part B of the Scape Framework Agreement such as local labour, local spend, SME engagement, SME spend, client satisfaction - Value for Money etc.
- 8.5.2 The Social Value plan submitted by the preferred contractor is offering to deliver social value outcomes on the Project over and above the Scape Framework requirements. The preferred contractor is a familiar employer and has previous experience of delivering social value outputs and outcomes in the Borough. This is a relatively low value contract (construction value c£3.9m) and there is a commitment for apprenticeships, work placements, supported internships and employment. The preferred contractor's presentation confirmed a collaborative approach and demonstrated a commitment to meeting the Council's needs in terms of social value and indicated that they will work with the Council to, if required, amend the social value plan to achieve the Council's objectives.
- 8.5.3 The delivery of the Social Value will be monitored and managed throughout the lifetime of the contract by both the Scape representative and the project team, to secure added value.

9. Tender Evaluation

9.1 Tender Evaluation Team

- 9.1.1 The Tender Evaluation and Moderation Team consisted of the following:
- Interim Project Manager (Leisure and Green Spaces) - Hackney Council

- Social Value Lead - Hackney Council
- Procurement Category Manager - Hackney Council
- Consultant Project Manager - Hadron Consulting
- Cost Consultant - Faithful+Gould (F+G)
- Lead Director - FaulknerBrowns Architects
- Lead Architect - FaulknerBrowns Architects
- Scape Framework Manager - Observer only

9.2 Evaluation Criteria and Weightings

9.2.1 The evaluation criteria and weightings used for Tender Evaluation were as follows:

Evaluation Criteria	Score
Quality	100%
Experience	40%
Methodology and Programme	30%
Social Value	20%
Added Value	10%

9.3 Tenders Received

9.3.1 Tender documents were issued to the Scape Framework contractors on Wednesday 22 February 2023, via the Council's tender portal (ProContract) and tenders were to be received by the return deadline - 12 noon on Monday 13 March 2023. A Post Tender Presentation Meeting took place on Wednesday 15 March 2023 with submissions being assessed on a 100% quality basis. The evaluation criteria (outlined in paragraph 9.2.1 above) including sub-criteria and weightings, were clearly set out in the tender documents and the tender evaluation scores have been summarised in Exempt Appendix A.

10. Recommendation

10.1 It is recommended that Contractor B is appointed as the preferred contractor. The initial appointment will be for the pre-construction phase (Stage 1), including the Feasibility Study and Pre-Construction Services Agreement (PCSA) stages, and subsequently the Building Contract (Stage 2), assuming

agreement is reached on the scope, design, price and any other contract matters.

10.2 A summary of the evaluation of Contractor B's submission is outlined below:

- **Experience:** Contractor B's submission provided a clear project organogram together with details of each team members' existing commitments and their % allocation to the teaching pool project. The team has good overall experience with some relevant experience of working on wet leisure projects. The site manager is currently working on a site adjacent to a live area, which demonstrates an acknowledgement and appreciation of the risks involved in working sympathetically next to existing live environments i.e. the Lido and Park. Good team continuity was demonstrated pre to post contract and post competition.
- **Methodology and Programme:** Contractor B submitted a detailed programme as part of their submission and their methodology included 'opportunities and risks' and mitigation measures demonstrating that they have reviewed and considered the supporting documents in the ITT. The response picked out some key risks and opportunities as well as stress testing elements of the programme. The supply chain, which would be involved, has been clearly identified with early engagement emphasised to keep costs low to ensure scheme delivered within budget.
- **Social Value:** The social value plan submission from Contractor B is offering to deliver social value outcomes on the project over and above those required as part of the Scape framework agreement. Contractor B also indicated that, if required, they will work with the Council to amend the social value plan to achieve the Council's objectives. Their approach to social value is localised and focused on creating opportunities for local people and they have committed to support local economic growth by creating decent jobs for Hackney residents, paying the London Living Wage. Contractor B will ensure that all jobs are advertised with Hackney's brokerage services (Hackney Works) and preferred partners.
- **Added Value:** Contractor B is offering some added value in the continuity of the team who appear to have a good relationship. Their response talked about early involvement of the supply chain to drive best value and the streamlining of utilities was also a good measure.

11. Contract Management Arrangements

11.1 Resources, Project Management and Key Milestones:

11.1.1 The project will be managed internally by the Project Sponsor (the Head of Leisure, Parks and Green Spaces). The technical Project Manager and internal Client Project Manager will report to the Project Sponsor and provide regular progress reports.

11.1.2 The Contractor will be required to report performance monthly against the agreed Scape KPI's, contained in the preferred contractor's signed Framework

Agreement National Construction Framework – Lot 1, and attend regular contract review meetings.

11.2 **Key Performance Indicators**

11.2.1 A sample of the KPI's that the Contractor will be expected to achieve are outlined below:

Main KPI Targets Set	Monitoring
<p>1. Time Pre-Construction Stage: To measure the reliability of forecasts provided by the Contractor for the duration of the pre-construction stage of a project allowing for the effect of client agreed changes.</p>	<p>Monthly contractor reports to include programme updates to indicate whether the pre-construction stage has taken longer than programmed, (excluding the effects of client agreed changes).</p>
<p>2. Time Construction (allowing Client Changes): To measure the reliability of forecasts provided by the Contractor for the duration of the construction stage of a project allowing for the effect of client agreed changes.</p>	<p>Monthly contractor reports to include programme updates to indicate whether construction has taken longer than programmed, excluding the effects of client agreed changes.</p>
<p>3. Whole Project Cost Construction (allowing for Client Changes): This PI indicates how reliably the costs of a project have been forecast at 'Commit to Construct' stage when compared to the final value entered upon Completion (allowing for the effect of client agreed changes), to improve accuracy of contract pricing.</p>	<p>Monthly contractor reports to include the actual project cost at 'Available for Use' less the anticipated project cost at 'Commit to Construct', less the cost of any client agreed changes, expressed as a percentage of the anticipated project cost at 'Commit to Construct' stage.</p>
<p>4. Fair Payment: To ensure the supply chain is paid promptly, in line with (or better than) Government fair payment policies.</p>	<p>The number of payments made by the Contractor (Tier 1) to the Tier 2 supply chain (by number not value) within 19 days of each due date, taken as a percentage of the total number of payments made. Data collected and to be reported monthly by the Contractor.</p>

Main KPI Targets Set	Monitoring
5. Health & Safety – RIDDOR: To measure the Partner’s safety performance.	Monthly contractor reports to include the number of RIDDOR reportable accidents.
6. Client Satisfaction: How satisfied the Client is with the Contractor’s performance using a 1 to 10 scale.	Data collected and reported by Scape

12. Comments of Group Director, Finance and Corporate Resources

- 12.1 This report seeks approval for the appointment of Supplier B initially for pre-construction phase 1 to develop the new London Fields Teaching Pool. If completed satisfactorily the contract will progress to stage 2 - the building contract.
- 12.2 The £4.5m budget for this project is already included in the 2023/24 Capital Programme and has been ring fenced specifically for this project.
- 12.3 Although there are no monetary savings the teaching pool will be included in the existing GLL Contract and will not result in any ongoing additional cost to the Council.

13. VAT Implications on Land & Property Transactions

- 13.1 None

14. Comments of the Director, Legal, Democratic & Electoral Services

- 14.1 On 10th January 2023 Hackney Procurement Board agreed a Medium Risk Business Case in respect of a tender process for the selection of a contractor to undertake the works for the London Fields Lido Teaching Pool. 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 recommendations in this Report.
- 14.2 In addition to the recommendation in paragraph 3.1, it is proposed to delegate authority to award the Pre-Construction Services Agreement and the Main Works contract for the London Fields Lido Teaching Pool to the Group Director, Climate, Homes & Economy Directorate (subject to the provisions of paragraphs 3.2 and 3.3). The reasons for seeking such delegation are set out in paragraph 5.17.
- 14.3 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 Cabinet Procurement and Insourcing Committee, the Group Director, Climate, Homes & Economy Directorate has the authority to award the Pre-Construction Services Agreement and the Main Works contract in this Report (subject to the provisions of paragraphs 3.2 and 3.3).

- 14.4 Details of the procurement process undertaken to appoint the proposed contractor are set out in this Report. The Council used the SCAPE Construction Framework (England and Wales, £0-£7.5m) to make the proposed award of contract.

15. Comments of the Procurement Category Lead

- 15.1 The tender exercise was carried out in accordance with Public Contracts Regulations 2015 and Public Procurement (Amendments) Regulations 2020. Prior to this exercise a RAT, PRIMAS and business case were approved. The Business Case recommended a framework call-off exercise conducted using Scape Framework, for the development of the new teaching pool at London Fields Lido. Social Value was assured and KPI's measures incorporated. All in-tender presentations and evaluation clarification questions were completed prior to tender evaluation and moderation. The tender exercise has been transparent, fair, equal and non discriminatory.
- 15.2 This exercise was conducted using the Council's e-tender portal. The two suppliers appointed to the Scape framework expressed an interest in the contract. Tender submissions and proposal presentation followed. The tender was evaluated on a 100% Quality weighting as approved in the 'Business Case'.
- 15.3 It is the considered opinion of the procurement team that this exercise followed a compliant process and has resulted in the Most Economically Advantageous Tender recommendation and is assessed as meeting all necessary requirements to deliver these works satisfactorily. The procurement team supports the appointment of Supplier B for the pre-construction phase 1 to develop the new London Fields Teaching Pool and subsequently for phase 2 to deliver the works as agreed.

Appendices

EXEMPT Appendix A: – Details of Preferred Contractor

Exempt

By Virtue of Paragraph(s) 3 Part 1 of schedule 12A of the Local Government Act 1972 this report and/or appendix is exempt because it contains Information relating to the financial or business affairs of any particular person (including the authority holding the information) and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Background Documents

None

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CABINET PROCUREMENT & INSOURCING COMMITTEE

CONTRACT AWARD REPORT

Contract Award Report	
Title of Report	Decarbonisation of Heat in Commercial Buildings (PSDS3b)
Key Decision No.	FCR S193
CPIC Meeting Date	2 May 2023
Classification	Open Report with Exempt Appendices A and B
Ward(s) Affected	All
Cabinet Member	Cllr Mete Coban
Key Decision	<p>Yes</p> <hr/> <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>
Group Director	Ian Williams, Finance and Group Resources
Contract value, <u>both</u> Inclusive of VAT and Exclusive of VAT (for the duration of the contract including extensions)	<p>£19.9m incl VAT</p> <p>£16.6m excl VAT</p>
Contract duration (including extensions e.g. 2 yrs + 1 yr + 1 yr)	2 year

1. Cabinet Member's Introduction

- 1.1. The Council declared a Climate Emergency in 2019 committing to reach net zero emissions by 2040. This commitment has since been increased to include achieving net zero for core Council operations (non-tenanted buildings and transport) by 2030 in line with the adoption of the UK100 targets.
- 1.2. Decarbonisation forms part of the Council's priorities with installation of low carbon heating solutions in Corporate Buildings a particular manifesto commitment, this being an integral part of the Climate Action Plan and our net zero Energy Strategy. It should be noted that this work has since been part of the workstreams managed by Hackney Light and Power Delivery Board
- 1.3. This project is largely funded by a grant (£12.2m) from the Public Sector Decarbonisation scheme (PSDS 3b) over 2 years with a contribution from the Capital programme of £4.6m. The grant is time limited with 50% to be spent by March 2024 and 50% to be spent between April 2024 and March 2025.
- 1.4. The project is expected to save in excess of 1,550 tCO₂e each year compared with the current heating systems in the 8 buildings within the project.
- 1.5. The work on the project to date has been undertaken by Asset Plus, following their procurement in late 2021 as supplier of energy saving retrofit services within the GLA Re:Fit Framework. The initial stages of survey and Investment Grade Proposal (IGP) were completed with no charge as part of the Framework offer.
- 1.6. There is now a need to appoint Asset Plus within the provision of the ReFit Framework and the competitive processes undertaken to select the firm as delivery partner to progress this work. This will ensure continuity of design and approach, maintain standards as well as helping to meet a tight project schedule. It will also facilitate ongoing work to assess around 150 buildings with a view to a further grant application in October 2023.

2. Group Director's Introduction

- 2.1. This report summarises the process used to procure Asset Plus within the ReFit Framework as supplier to the Council for decarbonisation and energy savings in Corporate buildings including schools, libraries, tenanted buildings and the core Corporate Campus and operational sites.
- 2.2. The Council has been supported through the GLA Retrofit Accelerator programme which is intended to assist the organisation to set up and successfully implement retrofit projects across the Council. Through the Retrofit Accelerator, GLA has provided support from Turner and Townsend

to the Council to assist with the process to appoint suppliers within the Re:Fit Framework.

- 2.3. The award winning Re:Fit Framework operated by the GLA Retrofit Accelerator is a procurement initiative that has been used by over 250 public sector organisations since it was launched in 2009. By 2021, over £180 million of works had been procured across more than 1,000 buildings saving in excess of 52,000 tonnes of CO₂ and £10m of energy costs each year.
- 2.4. The Council have adopted a Partner Bid approach whereby the Council appoints a delivery partner based on their capability, pricing, costs for Investment Grade Proposals (IGP) and approach to project management.
- 2.5. A mini-competition within the Re:Fit Framework was conducted to appoint the Service Partner and Asset Plus was appointed initially to conduct the necessary survey work up to IGP stage. Asset Plus also assisted the Council substantially in securing the £12.2m Public Sector Decarbonisation Scheme 3b grant for the works proposed in this report.
- 2.6. The Council now proposes to appoint Asset Plus to deliver the first project under the Re:Fit Framework funded by the £12.2m PSDS grant and associated £4.6m Council capital within the Capital programme.
- 2.7. The project will install heat pumps into nine properties comprising 3 Leisure Centres, Stoke Newington Town Hall/Library, 3 schools and a property let out through the Commercial Property team saving in excess of 1,545 tonnes Carbon Dioxide equivalent (tCO₂e).

3. Recommendations

Cabinet Procurement and Insourcing Committee is recommended to:

- 3.1 Note the process used for the selection of Asset Plus (using the GLA ReFit Framework) as the delivery partner for the decarbonisation of heat in the Council's Corporate Buildings including appointment as Principal Designer and Principal Contractor for CDM Regulations.**
- 3.2. Award a 2 year contract to deliver the Public Sector Decarbonisation Scheme 3b Sites project to Asset Plus at a value of £16.6m and for the Council to continue to work with Asset Plus across the whole portfolio of Corporate properties.**
- 3.3 Note that as further projects are developed through the work that will be undertaken to assess the heating systems in other Corporate Buildings, they will be brought back to this Committee, Hackney Procurement Board or approved by officers in line with the Gateway Process and financial scheme of delegation**

4. **Related Decisions**

- 4.1. Asset Plus were appointed to provide surveys and proposals up to Investment Grade Proposal (IGP) stage following a competition using the Re:Fit Framework.
- 4.2. Approval for the appointment following procurement through an Approval to Award Contract Report attached at Exempt Appendix A.

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

- 5.1. Decarbonisation of Corporate Properties is a vital step in reducing carbon across the Council's operations identified in both Manifesto commitments and in the forthcoming CAP which is due to be presented for adoption in June 2023.
- 5.2. On completion, this project will replace largely end of life gas powered heating equipment in nine buildings with heat pumps displacing 8m kWh gas with 1.6m kWh electricity thereby saving in excess of 1,545 tCO₂e.
- 5.3. The project will also act as a demonstrator that the Council takes decarbonisation seriously and is investing in Climate Change mitigation measures thereby acting as a beacon for other businesses to follow.
- 5.4. The project will decarbonise heating through the installation of Ground Source Heat Pumps (GSHP) at London Fields Lido, Clissold Leisure Centre and Stoke Newington Town Hall and Library (one system managing both buildings) and Air Source Heat Pumps (ASHP) at Queensbridge Leisure Centre, Trowbridge Centre and 3 schools.
- 5.5. The project will take 2 years to deliver with the ASHP sites delivered in the first year and the GSHP in the second. Completion is expected around December 2024 leaving a 3 month contingency before grant monies expire. The main reason for the protracted delivery is that the GSHPs will require permits from the Environment Agency as heat will be extracted from the aquifer below ground under the sites.
- 5.6. The project will cost £16.8m of which £16.6m will be awarded to Asset Plus to competitively procure, deliver and complete the installations. The remaining £200k will fund a Project Manager appointed to manage the project working with Asset Plus, the local sites and property management and the Grant Funder, Salix Finance.
- 5.7. In developing the Investment Grade Proposal (IGP) project costs have been estimated based on quotes obtained in August 2022 based on concept designs, estimates for grid upgrade and contingency. The Council has included a further contingency to allow for some price movements in the market between the cost estimates used for grant application and the final pricing fixing through procurement stages described below (5.14).

The quotes used to establish project costs were obtained after most of the recent construction cost inflation had been incurred in the market.

- 5.8. The £12.2m Grant has been provided by Salix Finance through the Public Sector Decarbonisation Scheme 3b (PSDS) and will be complemented by £4.6m internal capital allocation approved through the Capital Programme.
- 5.9. Procurement of the project was completed in the second half of 2021 through a competition within the GLA Re:Fit Framework where the 12 pre-procured contractors on the GLA ReFit Framework were invited to provide terms against a portfolio of Council buildings.
- 5.10. Three suppliers on the framework responded to the competitive tender issued. The bids were scored using a 90% quality score and 10% price with Asset Plus scoring highest in Quality and joint highest in price. The 90% quality also included suppliers ability to secure competitive pricing through their supply chain for the cost of the installations which forms the bulk of the cost of the project
- 5.11. Pricing within the Re:Fit Framework is based on a fixed cost for surveys up to IGP Stage with an open book process through installation based on tendered construction/installation costs plus a pre-agreed margin. Work completed by Asset Plus through the programme (design, project management, training, handover etc) is based on pre-agreed labour rates assessed during the competition.
- 5.12. Asset Plus offered a zero cost survey and IGP stage with competitive labour rates and margins. As such, they were appointed as the supplier for surveys and IGP services under the Re:Fit Framework..
- 5.13. Asset Plus provides a cost and savings performance guarantee. Costs are guaranteed after the final contractor procurement stage described below (5.14) whilst savings in kWh are guaranteed at a 90% of predicted performance level adjusted for weather, site use variations etc. The guarantees will operate at a project portfolio level rather than at a site specific level and will be subject to the Council reporting significant changes of use within the buildings.
- 5.14. The project will be delivered in stages with a design phase followed by procurement through Asset Plus' established supply chain. These contractors have a track record of delivery of this type of equipment. At least 3 quotes for each site will be gathered by Asset Plus with the award being made to the most economically advantageous offer. The selection will be by Asset Plus within the Re:Fit Framework working with Council Officers with judgements made on price, quality, programme and social value. If possible, local contractors or those using local subcontractors will be favoured but it should be noted that these installations involve

specialised technical equipment and experience in successful delivery must be paramount.

- 5.15. The procurement of contractors for the project will be split according to technology with the 3 GSHP sites awarded to one contractor and the 5 ASHP contracts awarded to another. This reflects the different types of technology and the different timescales for delivery following the permitting stage required for GSHP.
- 5.16. Grid upgrades are expected only on one site (London Fields Lido) and will be coordinated with the project working to install the new teaching pool to minimise cost and site disruption. The project teams have been coordinating for the last 9 months on this approach. All sites will be reviewed with the Distribution Network Operator, UK Power Networks (UKPN) and, where required for capacity or for technical reasons such as harmonics, the supply will be upgraded. As the local statutory monopoly supplier, these upgrade contracts will be awarded to UKPN under their terms and conditions including pre-payment.
- 5.17. Following the installations, the Council is required to monitor and report on savings to the Funder with a more detailed International Performance Measurement and Verification Protocol (IPMVP) based process available from Asset Plus at extra cost should this be required. This level of detail is not required by Salix as the funder.

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

Alternative options considered include:

- Do nothing. All of the buildings identified have fossil fuel heating systems that are at or nearing their end of life and will need replacing. Therefore doing nothing will result in emergency replacements after failure which could occur at any stage. In some sites, especially Leisure Centres, the costs of emergency works are increased by loss of revenue if heating systems fail as the sites often have to close due to no hot water, inadequately heated swimming facilities etc). Doing nothing is not considered a viable option.
- Like for Like Replacement. Replacement of boilers would cost substantially less overall but would not attract external funding and would not achieve carbon savings of any magnitude. Given the impact of the grant where the Council contribution is largely defined by the like for life replacement costs, the grant makes the full project cost only a little more than the full Low Carbon project recommended.
- ASHP throughout. It would be possible to deliver the projects using ASHP rather than GSHP which are substantially more expensive. ASHP would have been difficult to progress at Clissold due to noise concerns and at London Lido due to planning requirements for the size of equipment required. GSHP attracts larger grants due to the

increased carbon savings and the systems will provide extra capacity to be used in future heat network projects.making the ASHP option less attractive.

- Re-procure a different principal contractor. Asset Plus were appointed following a procurement exercise within the terms of the Re:Fit Framework which therefore meets the regulatory and governance requirements.

5.19. Insourcing was not considered a viable option due to the specialised nature of the equipment to be installed. As the market matures and more qualified and experienced staff become available in the market this option may be able to be reconsidered for maintenance and for future installations and replacements.

6. Project Progress

6.1 Developments since the Business Case approval

The budget holders and operating teams for all sites have been shown the Concept Designs and a process for sign off of the Developed/Scheme Design is being developed in consultation with Corporate Property. This will facilitate meeting Council design standards and will start the process to train the users and maintenance managers in the different ways to manage heat pumps compared with gas fired boilers.

6.2 Whole Life Costing/Budgets

The costs for ongoing maintenance will be similar to those currently incurred on similar sized boiler plant. The current boiler plant is coming to its end of life stage and so there is likely to be some maintenance savings available for the initial years.

All installations will be planned for future heat network connection to facilitate using heat networks as they develop over the Borough to be able to be used for plant replacement at the appropriate time.

6.3 Risk Assessment/Management

Risk	Likelihood	Impact	Overall	Action to avoid/mitigate risk
Project cost exceeding initial quotes used for securing grants	Low ▾	Medium ▾	Medium ▾	Costs were estimated by competent contractors in August 2022 after most of the recent construction inflation was incurred. Asset Plus added a 10% contingency and the Council added a further £500k contingency partly to cover this risk. DNO costs were estimated but some mutual savings have already been

				identified through cooperation with the Lido Training Pool project.
Project delayed and not delivered on time to meet the timescale set by the grant offer	Medium ▾	High ▾	High ▾	The grant is fixed in 2 annual tranches and cannot be redistributed. Grant award was concluded 2 months later than planned. Therefore design and procurement must start as soon as possible to allow the first tranche of installations to complete by March 2024 and to accommodate the potential 12 month permitting delay for GSHP.
Appointed delivery partner fails to deliver good quality work	Low ▾	Medium ▾	Medium ▾	Asset Plus is a very experienced company in retrofit and is procured through the Re:Fit framework which in turn has its quality standards. The designs and final work will be signed off by the site managers as well as the Corporate Property Heating Engineer before handover to ensure compliance with Council standards
Lack of internal resources to support and see the work through to completion	Low ▾	Low ▾	Low ▾	The project will largely be managed by the contractor who will appoint a project manager but allowance has also been made for a project manager within the Council whole role will be to act as Principal Client under the CDM regulations, to work with asset Plus, the sites, the site managers and the Corporate property teams responsible together with Salix, the funder.
Delay to project due to delayed response from Statutory organisations such as UKPN and Environment Agency	Low ▾	High ▾	Medium ▾	The projects have already been assessed against upgrades required through the advance process with UKPN. Only one site is expected to require upgrade with installation planned in year 2. EA permits will be required for the GSHP but extensive waits have been allowed for within the programme.

7. **Savings**

The primary benefit of this project will be delivered as carbon savings with 8m kWh gas being displaced by 1.6m kWh electricity. Small quantities of electrical improvements including LED lighting and solar PV will be deployed within the project lowering electricity use but the primary focus has been on grant supported decarbonisation of gas. Approximately £100k utility costs will be saved each year based on an estimated 30p per kWh electricity cost and 8p per kWh gas cost. For context, in 2023/4, the Council will be paying in excess of 40p per kWh for electricity and 10.5p per kWh for gas but this is expected to be reduced in 2024/5 before starting to rise again in subsequent years.

All of the buildings within this project have largely end of life fossil fuel heating systems and the Council contribution of £4.6m is equivalent to the cost that would be incurred in a like for like replacement. It is likely that costs of maintaining this equipment until replacement would have been substantial and that this represents an unquantifiable saving against costs that would otherwise be incurred. The grant allows the Council to upgrade systems to Low Carbon heating systems without incurring the full cost associated with such systems thus relieving pressure on the Council's future capital budgets.

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

8.1. **Procuring Green**

The primary reason for this project is to reduce carbon emissions from heating plants in Council buildings. Targeting the largest Leisure Centres delivers a large carbon saving whilst completing an end of life replacement of the heating equipment. Carbon savings in the Leisure Centres are particularly large because unnecessarily high flow temperatures are able to be replaced with low temperature heat sources. Where higher temperatures are needed for hot water supply, these will be achieved using step up plant sized for the particular application and fronted with the world's highest performing solar thermal system sourced from a British company, Naked Energy.

The heat pumps used will be, where practicable, CO2 machines using compressed carbon dioxide as the refrigerant. This removes the climate damaging previous generation of refrigerant (F Gasses) which are becoming more and more controlled.

Asset Plus are aware of the Council's commitment to be net zero by 2030 for Council non-tenanted buildings and have committed to working with the Council to achieve this target. This commitment has been demonstrated in the way they have actively worked with the Council, sharing their knowledge and expertise in the process of applying and

securing the £12.2m grant from Public Sector Decarbonisation Fund. Through this project in excess of 1,545 tonnes of CO2 savings will be delivered across the portfolio of 8/9 Council buildings

8.2. **Procuring For A Better Society**

This project is substantially funded from the PSDS scheme, one of whose objectives is to grow the heat pump industry within the UK. Growing this industry will, over time, provide opportunities for local companies to provide installation and maintenance services to all parts of the market from commercial to domestic buildings.

Asset Plus proposed in their submission that they will implement a plan aligned with the Hackney's Sustainable Procurement Strategy that will address, amongst other aspects, how we will encourage local businesses to join our supply chain and our plan for encouraging employment, apprenticeships or work experience from the area. As we take the project forward to the design and implementation stage, Council officers will work with Asset Plus to ensure the delivery of their commitment in this regard. Achievements in this area will be reported back to this Committee, either through separate reporting or when approval is sought for the award of future projects

8.3. **Procuring Fair Delivery**

Asset Plus has confirmed in their tender submission that they are committed to paying LLW as a minimum both within their operations and across their supply chain. The nature of work under the proposed contract requires high skills that would require more than LLW to be paid to contracted staff that would be working on this project.

8.4 **Equality Impact Assessment and Equality Issues**

This project targets decarbonisation of heat principally within Council buildings and, as such, there are no equality issues. Heat will be targeted within normal standards for office and leisure spaces and appropriate and will be able to be adjusted through controls installed.

8.5 **Social Value Benefits**

Whilst at over £16m this is a large contract, it should be recognised that the majority of cost will be incurred acquiring the equipment required as heat generators and sinking the boreholes for the GSHPs - these suppliers are generally specialist manufacturers and suppliers and it is unlikely that any of these will be located within Hackney. A further significant cost will be incurred with the DNO who is a Statutory Body managing the network. This limits what is immediately available within this

initial contract but Officers will work with Asset Plus to extend the Social Value opportunities as this and subsequent projects progress.

Social Value offered by Asset Plus within their ITT response included the following:

- Working with the Council's Economic Development Team to encourage local businesses to join the Asset Plus supply chain. Being part of the Johnson Controls Group, Asset Plus can offer substantial opportunities to Hackney businesses for projects not just in Hackney but across the country.
- Encouraging appointed suppliers to engage local people in apprentice programmes and to support work experience placements. This should be seen not just in the context of this immediate project but also through subsequent delivery opportunities through the wider Corporate Estate. Specifically construction work placements of approximately 30-40 hours across a single week or part time over a number of weeks will be supported.
- All Asset Plus contractors and sub-contractors are committed to paying at least the Living Wage and all staff are required to hold up to date DBS certification.

Asset Plus have recently also started a new Re:Fit contract with New City College and have started to work on supporting their training.

9. **Tender Evaluation**

- 9.1. Work on the Decarbonisation and Energy Efficiency of Corporate Buildings was tendered within the GLA Re:Fit Framework in Autumn 2021.
- 9.2. An Invitation to Tender was issued via ProContract to the 12 Pre-selected suppliers on the Framework. Site surveys were conducted by some of the bidders after an initial bidders meeting to introduce the project and to clarify questions. The list of potential bidders is included within the Approval to Award Contract Report attached at Exempt Appendix A.
- 9.3. Within the Re:Fit Framework, bidders work on an open book pricing model for projects where the sub-contractor cost is openly shared. Contractors' own resources are priced using labour rates declared and assessed within the tender together with a margin based on matrices provided by the Framework. Finally a cost for the Survey and IGP stage is provided. In this way, a bidders pricing can be assessed together with their quality score ahead of knowing the exact composition of subsequent work on buildings. The Quality and Cost scoring criteria were allocated according to these principles with 25% of the quality score (25/90) being allocated to the proposed labour rates and margins. The cost for the Survey and IGP Stage were used to assess pricing and allocated 10% of overall scoring.

In this way, 35% of the overall assessment (25% plus 10%) was allocated to assess the cost effectiveness of the bidders' proposals.

9.4. Tender returns were received from 3 out of the 12 bidders invited. A quality/cost evaluation weighting was utilised. Quality was assessed under the headings:

- Project Management (10%)
- Analysis and design (20%)
- Installation phase (15%)
- Performance and delivery (15%)
- Helping the Council achieve strategic goals (5%)
- Pricing Matrices - Labour Rate and Margin (25%)

9.5. Cost was evaluated against the priced offers for the Survey and IGP Stages and was awarded 10% of the overall score.

9.6. The evaluation was conducted by a team of officers representing the Carbon and Energy Management Team. Once individual scoring was complete a moderation meeting was held and final scores agreed. The preferred bidder achieved the highest overall score with the strongest technical submission and the strongest value for money proposal.

10. **Recommendation**

	Quality	Price	Total
Supplier / Provider A	84	10	94
Supplier / Provider B	73	0	73
Supplier / Provider C	78	10	88

10.1. Asset Plus scored highest for Quality and Cost, as well as scoring highest specifically against the 35% allocated to assess the cost of the service, and were therefore appointed to complete the Survey and IGP stage and are recommended to be awarded the installation delivery phase.

10.2. The cost of the installation delivery phase within the PSDS 3b project is estimated to be £16.8m including £200k to cover the cost of an internal project manager. This estimate is based on quotes received in August 2022 to which contingency has been added both by Asset Plus and the Council to cover unforeseen issues as well as potential cost rises.

10.3. The exact cost of the project will be determined by the supplier procurement process completed by Asset Plus after the Developed Design stage with the supplier selection supported by Council Officers. The cost is expected to be within the budget allocated and will be guaranteed by Asset Plus from that point.

- 10.4. The primary benefits of the project will be carbon savings where in excess of 1,545 tCO₂e are estimated. This arises from the substitution of 8m kWh gas with 1.6m kWh electricity. Approximately £100k utility costs will be saved each year based on an estimated 30p per kWh electricity cost and 8p per kWh gas cost. For context, in 2023/4, the Council will be paying in excess of 40p per kWh for electricity and 10.5p per kWh for gas but this is expected to be reduced in 2024/5 before starting to rise again in subsequent years.
- 10.5. £200k will be incurred to manage the project (within the estimated £16.8m) which will provide for a Project Manager for 2 years. The Head of Energy and Carbon Management will act as Project Director and will capitalise approximately 15% of his time within the £200k allowed.
- 10.6. Two sets of subcontractors will be appointed by Asset Plus recognising both the different skills and timescales for ASHP and GSHP. Further work will be contracted to UKPN in their role as DNO for London in respect to electricity grid upgrades.
- 10.7. There are no TUPE considerations.

11. **Contract Management Arrangements**

11.1. **Key Performance Indicators**

Main KPI Targets Set	Monitoring
1. Progress with agreed programme	Monthly meetings and updates at key milestones - design, procurement, consents received, start and completion on site, training and handover.
2. Updated risk registers	Monthly review
3. Compliance with CDM Regulations	Monthly meetings and site visits by internal PM
4. Clear and regular liaison with users	Verification at key milestones - design, procurement, consents received, start and completion on site, training and handover.
5. Training of users, site managers and Corporate Property heating specialists	Training plans, sign off by users
6. Costs within budget	Monthly valuations and verification at key milestones - design, procurement, consents received,

	start and completion on site, training and handover.
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- 11.2. The contract will be managed through regular meetings. The survey and IGP process has been managed by a fortnightly process with attendance by the Head of Energy and Carbon Management and the Head of Procurement as Project Sponsor. This group will continue to manage the overall Re:Fit framework and ongoing surveys and IGPs leading to new projects and grant applications. It is likely that these management processes will reduce to monthly meetings and will receive regular updates from the PSDS 3b project.
- 11.3. The PSDS 3b project will be contracted using a JCT or an NEC4 standard construction contract and will be managed accordingly through the contract management mechanisms. Dispute management will be through the defined processes within the contract.
- 11.4. The PSDS 3b project will be managed day to day by a Project Manager to be appointed. The Head of Energy and Carbon Management will act as Project Director. Design and progress meetings will be held weekly in addition to detailed site based or project meetings. For Asset Plus, a Project Manager will be appointed and the Managing Director will act as Project Director.
- 11.5. Risks will be reviewed at least monthly. NO personal data will be handled and therefore no GDPR risks will be incurred. However, for ongoing management, it will be important that remote access is correctly set up for which the Project Manager will work with ICT to manage any associated risks.
- 11.6. The PSDS 3b project will also report monthly on progress and cost to the funder, Salix Finance as well as at key milestones - for example, the end of design if material changes are made from the concept designs previously advised, after procurement and on installation. Salix are expected to audit the project during and after the project due to the size of the grant award.
- 11.7. The PSDS 3b project will also report through the normal Capital Programme reporting mechanisms.
- 11.8. Monthly valuations will be agreed with the contractor where appropriate with invoices raised and paid against the valuations. The invoices and valuations will be used to claim costs from the grant up to the maximum value available.

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

- 12.1. The report seeks to award a 2-year contract worth £16.6m to Asset Plus for the Public Sector Decarbonisation Scheme 3b Sites project, and Asset Plus will continue to work on the Council's entire portfolio of Corporate properties. Any future projects will be assessed and approved in accordance with the Gateway Process and the Council's financial scheme of delegation.
- 12.2. The project has secured funding through a grant of £12.2m from the Public Sector Decarbonisation Scheme (PSDS 3b), supplemented by £4.6m from the Capital programme. The grant has a specific timeline, with 50% of the funds to be spent by March 2024, and the remaining 50% to be utilised between April 2024 and March 2025.

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

- 13.1. VAT is expected to be reclaimed in full.

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

- 14.1. In Autumn 2021 the Council undertook a procurement exercise in respect of services for the Decarbonisation and Energy Efficiency of Corporate Buildings using the GLA Re:Fit Framework. As a result of such procurement exercise the Council awarded a contract solely for initial services comprising the Investment Grade Proposal (IGP) to the preferred bidder. This was approved as a Low Risk contract award under £1m and signed off by the Council in November 2021. The Council now wishes to award the contract for the subsequent design and implementation stages of the project which were procured at the same time as the IGP.
- 14.2. The value of the services to be awarded under this Report are above £2m and therefore in accordance with paragraph 2.5.3 of Contract Standing Orders this Report is being submitted for approval by Cabinet Procurement and Insourcing Committee.

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

- 15.1. The recommendation to appoint Asset Plus as the principal contractor for the 2 year contract to deliver the Hackney - Public Sector Decarbonisation Scheme 3b Sites, given they were initially appointed following a Public Contracts Regulations 2015 compliant procurement exercise within the terms of the Re:Fit Framework to deliver the the initial stages of survey and Investment Grade Proposal (IGP) for decarbonisation, is appropriate and meets regulatory and governance regulations.

- 15.2. Following that initial competition within the GLA Re:Fit Framework where the 12 contractors appointed to the GLA ReFit Framework were invited to participate and Asset Plus appointed to deliver, this award is for the next stage of the programme which would be for Asset Plus to secure competitive pricing through their supply chain for the cost of the installation works.
- 15.3. The next stage would involve an open book process of costing the installation works based on tendered construction / installation costs plus a pre-agreed margin. The Service and Procurement will assure the exercise is conducted appropriately.
- 15.4. The procurement team endorses the recommendation to award the second stage of this contract to Asset Plus and will support the delivery of the open book commissioning exercise.

Exempt Appendices

Exempt Appendix A - [REFIT Contract Award Report](#)

Exempt Appendix B - [Investment Grade Proposal](#)

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 potential suppliers and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Background Documents

None

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Comments for and on behalf of the Director of Legal, Democratic and Electoral Services prepared by	<p>Patrick Rodger</p> <hr/> <p>Senior Lawyer</p> <hr/> <p>patrick.rodger@hackney.gov.uk</p>
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CABINET PROCUREMENT & INSOURCING COMMITTEE

CONTRACT AWARD REPORT

Contract Award Report	
Title of Report	Early Years Catering Service Call Off Contract Extensions
Key Decision No.	CE S173
CPIC Meeting Date	2 May 2023
Classification	Open Report with Exempt Appendix A:
Ward(s) Affected	All
Cabinet Member	Cllr. Caroline Woodley (Cabinet Member for Families, Parks and Leisure)
Key Decision	<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>
Group Director	Jacque Burke, Group Director of Children and Education
Contract value, <u>both</u> Inclusive of VAT and Exclusive of VAT (for the duration of the contract including extensions)	3,526,406.73 INC VAT (2,938,672 EXC VAT) Based on Standard VAT rate.
Contract duration (including extensions e.g. 2 yrs + 1 yr + 1 yr)	4 years 1 + 1

1. Cabinet Member's Introduction

- 1.1. This report seeks to approve an 18 month extension to the existing call off contracts in place for catering provision for Hackney Children's Centres. The purpose of the extension is to allow for the review concerning the development of Children and Family Hubs to be completed by Summer

2023, and for the results of the review and recommendations to be implemented over a phased period from 2023 to 2024/25.

- 1.2 This report notes, in Legal comments, a potential risk of challenge from alternative providers. The Council has not been approached, over the last year, by alternative providers in relation to any intention the Council has to tender. The original open tender opportunity attracted only 3 responses including the incumbent. Previous extensions to this agreement have gone unchallenged with the current provider is comfortable with the proposed extension.

Group Director's Introduction

- 1.3 The Early Years catering services framework agreement was procured by Hackney Education in 2016 and was operational between the 1st August 2016 and 31st July 2020. All council-managed centres and two maintained schools with children's centres used the framework, and each one contracted individually with the sole service provider under the framework's call-off terms.
- 1.4 In 2020 the centre's individual call-off contracts were extended for a further year, until 31st July 2021. There was a further extension to the individual call-offs approved through CPIC to 31st January 2023 to provide for the completion of an insourcing review.

2. Recommendations

- 2.1. **It is recommended that the Cabinet Procurement and Insourcing Committee agree to the extension of the Early Years Catering Service Contracts for a further 18 months (from 1st February 2023 until 31st July 2024) to allow sufficient time for the project for the Development of Children and Family Hubs to be completed.**

3. Related Decisions

- 3.1. Childrens Centre Catering HPB Contract Award Report
- 3.2. Children's Centres Catering Services Extension 2020 - 2021
- 3.3. Children's Centres Catering Services Extension 2021 - 2023

4. Reasons for Decision/Options Appraisal.

- 4.1. The Early Years catering service framework was procured by Hackney Education in 2016 to support Hackney's children's centres. The catering service complies with the School Food Trust recommendations for food and drink for under 5s, and the Government Buying Standards for Food and Catering which relate to sustainable food procurement.
- 4.2. The original framework was in place for 4 years between the 1st August 2016 and 31st July 2020. All 6 council-managed centres used the framework, and

each centre contracted individually with the service provider under the framework's call-off terms. Two Children's Centres accessing the Service are school-based. Please refer to 5.6 below for further detail.

- 4.3. There have been two extensions authorised for the provision of the services. The second extension was provided to 31st January 2023 to enable alignment of commercial catering contracts and the finalisation of the Insourcing Review. There is currently a review ongoing in relation to the commercial catering contracts, in addition to the review of children's centres and the development of Children and Family Hubs to provide integrated services for families with children 0 - 19. In addition, an independent commission into affordable childcare commenced in March 2023. As a result Hackney Education is seeking approval for a further extension to enable the landscape of children's centres to be co-designed, and agreed.
- 4.4. The further extension period of 18 months will enable sufficient time for the transformation of a number of children's centres into Children and Family Hubs, and the future configuration of children's centre nurseries and their service needs to be agreed.
- 4.5. The extension will mitigate the risk of a non contracted service provision whilst the reviews are being finalised. The extension will enable the Council to work with the Centres and the Contractor to provide a continuing good service including support for staff and families.
- 4.6. The extension will enable any findings, learnings and strategies coming out of the work being undertaken by the Free School Meal task force to be considered and built into the work with the children's centres.
- 4.7. Due to the whole life value of the contract being in excess of £3,000,000, the department is seeking approval to further extend the call off contracts from Cabinet Procurement and Insourcing Committee. If extended, this service will continue to be paid for within the existing budget and no additional funding will be necessary. The cost of the meals is included within the childcare fees. The supplier is paid directly from each Children's Centres budget.
- 4.8. The Children's Centres and Nursery Schools with active call off contracts in place with the contractor are listed below:
 - Ann Tayler Children's Centre (Council)
 - Clapton Park Children's Centre (Council)
 - Comberton Children's Centre (Council)
 - Fernbank Children's Centre (Primary School - Jubilee)
 - Hillside Children's Centre (Council)
 - Linden Children's Centre (Council)
 - Woodberry Down Children's Centre (Council)
 - Comet Nursery School (Maintained Nursery School)

5. Alternative Options (Considered and Rejected)

- 5.1.1 **OPTION 1 - Do Nothing:** The Council lets the call off contracts expire on the 31st January 2023 and takes no further action – this was considered and rejected as the centres need to provide catering services to the community to meet their obligations to parents who pay for a service.

The Council has a declared commitment to support children and young people, the Centres provide a hub for local families to meet, engage and get support from a range of services.

- 5.1.2 **OPTION 2 - Re-tender:** The centres re-tender to renew the contracts – this option was considered and rejected at this moment in time. The option to re-tender is to be done in line with the assessment and outcome of the Children and Family Hub review and any Insourcing assessment.

- 5.1.3 **OPTION 3 - Insourcing:** - The Insourcing Review was not completed as the Early Years review was ongoing and has now been updated to feed into the Children and Family Hubs review and the review of affordable childcare. An Insourcing option will form part of the review and determination of any future tender for Centre catering provision.

6. Project Progress

6.1.1 Developments since the Business Case approval

- 6.1.2 Since the contract was awarded in 2016, the Service Provider has continued to deliver the service to a high standard of quality and works in partnership with centres successfully.

- 6.1.3 The Service Provider continued to provide off-site and remote services throughout the pandemic ensuring that they were able to come back to service following the pandemic.

6.2 Whole Life Costing/Budgets:

- 6.2.1 There is no central budget allocation for catering, as each Head of Centre manages their own children's centre budget, which includes an allocation for the purchase of catering services. The catering cost for centres managed by schools is accounted for within the delegated school budget funding formula.

- 6.2.2 The annual contract spend agreed across all centres during the original tender was £429,062.43 per annum. This equates to a value of £1,716,249.72 over the 4 year framework duration. The pricing was fixed for the duration of the framework, with the exception of the London Living Wage (LLW) rate which has increased annually.

CENTRE	2021-2023 (12 month figures)	2023-2024 * (12 month figures)
Ann Taylor	£ 87,621.62	£92,122.17
Clapton Park	£ 79,191.97	£85,647.76
Comerton	£ 72,208.78	£70,372.47
Fernbank	£ 73,907.66	£72,649.04
Hillside	£ 57,487.45	£63,271.60
Linden	£ 60,114.81	£68,610.03
Woodberry Down	£ 50,434.49	£51,898.40
Comet Nursery	£ 29,060.66	£30,517.21
TOTAL	£ 510,027.44	£535,088.68

TOTAL for 18 months	N/A	£802,633.02
TOTAL for 18 months with LLW increase *provision added	N/A	£827,633.02

- the figures are based on 2022 meal actuals

6.2.3 The recommendation is for an extension for 18 months, which equates to £802,633.02. There is also an additional £25,000 from 1st April 2023 for the increase in the LLW. This makes the total additional expenditure £827,633.02.

Total Cost of Contract:

Year	Total Value
2016 - 2020	1,716,249.72
2020 - 2021	2,226,277.05
2021 - 2023	2,991,318.05
2023 - 2024	3,526,406.73

At all centres the heavy and light equipment is bought and owned by the centre not the contractor. There are no additional equipment requirements for this contract.

6.3 **Savings**

- 6.3.1 There will be no financial savings achieved from the continuation of this contract. A provision in the contract to facilitate any transition out of the contract for children's centres will mitigate commercial risk and will assist in the provider being able to relocate staff within their other Hackney services
- 6.3.2 LLW is paid to staff and will continue to be payable under the extended agreement. By continuing to pay LLW, it will provide some security for staff whilst the Hackney Education reviews are being undertaken.
- 6.3.3 Increases in ingredient provision is in line with current cost of living pressures with the provider and the children's centres working together to mitigate this whilst maintaining a high quality and nutritious meal provision.
- 6.3.4 As part of the recommendation the provider would develop an off site service for one of the current children's centres to ensure service continues and the member of staff currently employed is retained. Review of potential alternatives had indicated a significant cost to the centre.

7. **Sustainability Issues**

7.1 **Procuring Green**

- 7.1.1 The service specification sets the sustainable requirements of the food supplied and the contractor's operations. In their tender response, the contractor committed to delivering services that reduce negative sustainability impacts.
- 7.1.2 Issues of waste in terms of food, packaging and utilities were key areas assessed in the Invitation to Tender.

7.1.3 Internal kitchen reduction and management of waste is also covered within the existing specification. It is the responsibility of the contractor to control supplier deliveries, including switching off the engines of delivery vehicles when on establishment premises.

7.1.4 An emphasis is placed upon delivering vegetarian and vegan meals for children where appropriate. This underpins the importance of supplying more plant-based meals, and mitigates the environmental impact of using animal products in food.

7.2 Procuring for a Better Society

7.2.1 Equality and Diversity assessment was included in the initial tender evaluation. In order to qualify, all bidders were required to have a written equal opportunities and/or race relations policy and to demonstrate how they monitor supply chain adherence to these policies. Existing catering staff will be protected under TUPE.

7.2.2 Working with the provider whilst the Early Years children's centre review and transformation of centres to Children and Family Hubs is ongoing will provide protection and opportunities for those staff currently employed by the provider.

7.2.3 The extension will ensure a seamless provision of service in the period in question and a seamless transition of the determined service supporting children and families.

7.2.4 London Living Wage continues to be payable under the contract, which will continue to have a beneficial effect on catering staff.

7.3 Procuring Fair Delivery

7.3.1 Any economic impact arising from the continuation of this service will be entirely positive. Any improvement in child health will lead to a reduction in health costs.

8. Equality Impact Assessment and Equality Issues:

Not applicable - continuation of existing service provision.

9. Alternative Options (Considered And Rejected)

Please refer to Section 5.1 above.

10. Tender Evaluation

Not applicable - continuation of existing service provision.

11. Contract Management Arrangements

11.1 Resources and Project Management (Roles and Responsibilities):

11.1.1 The Hackney Education Senior Procurement Category Manager is responsible for the centralised management of the framework agreement.

11.1.2 The resulting call-off contracts are in place between each centre and the contractor. As a result, the day-to-day contract management is undertaken by each centre. The Strategic Head of Children's Centre also retains an overview of the service, managing the overall budget and providing additional support, if required. Regular contract monitoring meetings will continue to be held.

11.1.3 Once the mandatory rollout has been completed, the Council's contract management system will be used as the primary contract management tool. This will enable efficient communication with suppliers and the tracking and monitoring of performance, whilst also facilitating dashboard summaries and snapshot reports for senior managers.

11.2 Key Performance Indicators:

KPIs are centred around the criteria set out in the table below:

Targets	Monitoring
1. Food Nutritional, Quality & Service Standards – Complies with Eat Better Start Better Guidelines, Presentation, Taste, Portion control, Wastage, Timeliness	Meals to be delivered as agreed, on time, portion sizes correct and dining facilities to be returned in agreed time and to agreed standards, according to each Centre's specific requirements.
2. Food Hygiene / Health & Safety / Cleanliness Compliance - Tidiness, EHO Reports, Completion of mandatory operational documents, e.g. temperature recording, cleaning schedules etc.	Confirmation of annual deep clean, details of number of quality audits/ inspections including failures identified and action taken to remedy, compliance with statutory and legislative food hygiene and safety requirements.
3. Staff performance and welfare	Monthly monitoring report to include training undertaken, complaints/ concerns and action taken to remedy to be detailed in the Complaints Book and details of accidents/ injuries/ near misses to be recorded in the Accident Book to be held in the Kitchen.

<p>4. Customer satisfaction</p>	<p>Provider will be in regular communication with the Centre Manager, children and parents for feedback on the service including timeliness, quality of food, variety of meals and presentation. An annual survey and analysis of results will also be conducted.</p>
<p>5. Equipment maintenance</p>	<p>Sufficient light equipment will be maintained to meet the needs of the service at each Centre. Any defects to be reported in the monthly monitoring report.</p>

12. Comments of the Group Director of Finance and Corporate Resources

- 12.1 The recommendation in this report is for the Early Years catering contract to be extended for a further 18 months from February 2023. The cost of this will be £827,633 which includes an allowance made for an additional £25,000 from 1st April 2023 to accommodate an increase in the London Living Wage.
- 12.2 The cost of the contract will be met within existing resources and the supplier will be paid directly from each individual Children’s Centre budget. Within school catering provided by external suppliers there have been cost of living pressures which have led to increases in school catering costs. However, within the children’s centres both the supplier and the centre are working together to mitigate costs as much as possible while maintaining a high quality and healthy meal provision.

13. Comments of the Director Legal, Democratic & Electoral Services

- 13.1 The call-off contracts for the Early Years Catering Service expired on 31st January 2023 and this Report sets out the reasons why it has not been possible to undertake a procurement process to appoint provider(s) to continue service provision after such date. Therefore it is proposed to award a contract extension in respect of such call-off contracts to meet the current needs. Paragraph 4.8 of Contract Standing Orders states that, in respect of a variation of contract, if the total cost of the contract inclusive of the proposed variation is above £2m, approval must be sought from Cabinet Procurement and Insourcing Committee. Therefore the Cabinet Procurement and Insourcing Committee is authorised to approve this variation.
- 13.2 It should be noted that there is, therefore, some risk to the Council that a challenge to the award of the contract extensions could come from competitors the Council has not approached to undertake the services. If such a challenge were successful it is likely that the Council would be liable to pay the lost profits of a party who has successfully challenged as well as the costs of bringing such a challenge and potentially a fine from the government for a breach of the Regulations. This should be considered in the decision to approve the awards of contract in this Report.

14. Comments of the Procurement Category Lead

- 14.1 This report sets out the recommendation for the extension of the Early Years Catering Service Contracts for a further 18 months (from 1st February 2023 until 31st July 2024) to allow sufficient time for the Children and Family Hub Review and commission into affordable child care to be completed. Following the noted reviews, the department will:
- Exit the service, whilst still supporting the families and children, including the number and location of the children's centres and affordable child care;
 - The current reviews will also consider the means of service provision including insourcing;
 - Tender where required, the defined service provision.
- 14.2 The recommendations coming out of the Insourcing Review, Children and Family Hubs and affordable childcare reviews will determine the procurement route in agreement with the service area. It is recognised that not having a service contracted places risk on the Council for the period required to complete the noted Reviews. Retaining the services of the provider enables the centres to continue to support families in the borough at a level that is currently recognised as good and retains excellent feedback.
- 14.3 The previous extension was predicated on an Insourcing Review which was not completed due to COVID delays, internal resourcing issues and consideration of staff and consultations. The risk of the reviews not completing and putting us in a similar situation has to be recognised and firm timing commitments required and agreed.
- 14.4 There is recognition that during the initial extension, the impact of COVID resulted in a significant reduction in the service provision required, which has taken some time to get up to "normal" levels. It is also recognised that delays in decisions regarding insourcing impacted the ability to agree on any procurement route but importantly the number of centres and support required.

Appendices

EXEMPT Appendix A - Review Information

Exempt

By Virtue of Paragraph(s) 3 Part 1 of schedule 12A of the Local Government Act 1972 this report and/or appendix is exempt because it contains Information relating to the financial or business affairs of any particular person (including the authority holding the information) and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Background Papers

None

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