

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

MONDAY 8 JANUARY 2024

<b>Councillors Present:</b>	<b>Councillor Robert Chapman in the Chair</b> <b>Cllr Christopher Kennedy, Mayor Caroline Woodley and Cllr Mete Coban</b>
<b>Officers in Attendance:</b>	<b>Simone Barclay - Placements Manager</b> <b>Rabiya Khatun - Governance Officer</b> <b>Maria Zazovskaya - Strategic Resource Manager</b>
<b>Officers in Attendance Virtually:</b>	<b>Rotimi Ajilore - Head of Procurement</b> <b>Merle Ferguson - Procurement Strategy and Systems Lead</b> <b>Leila Gillespie - Procurement Category Lead for Corporate Services</b> <b>Divine Ihekwoaba - Procurement Category Lead for Construction</b> <b>Timothy Lee - Procurement Category Lead for Health and Social Care</b> <b>Tessa Mitchell – Governance Team Leader</b> <b>Patrick Rodger - Senior Lawyer</b> <b>Jamie Whitehouse - Acting Head of Insurance</b>

### **1 Apologies for Absence**

1.1 There were no apologies received.

1.2 Apologies for lateness were received on behalf of Cllr Coban.

### **2 Notice if Intention to Conduct Business in Private and Representations Received**

2.1 There were no representations to consider.

### **3 Declarations of Interest**

3.1 There were no declarations of interest.

### **4 Urgent Business**

4.1 There was no urgent business to consider.

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

5.1 There were no deputations, petitions or questions to consider.

## **6 Unrestricted Minutes of the Cabinet Procurement and Insourcing Committee held on 4 December 2023**

6.1 Members considered the previous unrestricted minutes of the Cabinet Procurement and Insourcing Committee held on 4 December 2023.

### **RESOLVED**

**That the unrestricted minutes of the Cabinet Procurement and Insourcing Committee held on 4 December 2023 be agreed as a true and accurate record of proceedings.**

### Actions Tracker

6.2 Members noted the Action Tracker contained within the agenda and in response to a query relating to Reference 7 - CED S286 Extension of Temporary Accommodation Dynamic Purchasing System, the Head of Procurement clarified that officers had reported at the previous meeting that the bulk of the contract sum is payment of rent to landlords and that officers would explore the level of social value that can be delivered in negotiation with the providers. The Head of Procurement advised that he would liaise with relevant officers and provide an update at a future meeting of the Committee.

(Cllr Mete Coban joined the meeting at 6.05pm)

## **7 CE S211 Commissioning Framework - Homes for Looked After children and Care Leavers via London Borough of Newham Dynamic Purchasing System - Business Contract**

7.1 Maria Zazovskaya, Strategic Resource Manager, introduced the report setting out an opportunity for the Council to join an existing Dynamic Purchasing System (DPS) hosted by the London Borough of Newham for the provision of independent fostering agencies. The DPS framework would expire on 8 March 2026 with an option to extend for a further 4 years. Independent fostering agencies allowed the Council to fulfil its Corporate parenting duties in particular for children that required specialist support and meet efficiencies for looked after children, and the Council held up to 40% of all foster placements with independent foster agencies. The previous arrangements via London Care Services ceased to operate from 1st of April 2023, and although existing contracts remained valid until the child moved on, these providers were not bound by any formal contractual arrangements or agreement on prices. This had resulted in many London authorities being inundated with fee reviews and spot purchase price increases and due to legacy prices that had not increased for several years this meant a potential increase of 10% on all existing arrangements for the North and East London authorities. It was emphasised that the DPS did not commit the Council to any given level of expenditure, however, it was in the Council's interest to make as many arrangements through the contractual DPS, and the London Living Wage would be applied across all providers. Officers were gradually working through the providers on the DPS and at the time of presenting the report Hackney was working with 25 of the 27 providers on the DPS.

7.2 Following the introduction, Members of the Committee asked questions which were responded to as follows:

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- There were over 100 independent fostering agencies in London and 25 of the first 27 providers on the list had arrangements in place with the Council
- The Mockingbird family model had been successfully adopted by the Council's in-house fostering service as well as many independent fostering agencies and a small group East London authorities and Fostering agencies worked collaboratively to explore more innovation and improve quality and raise awareness of the Mockingbird programme with fostering agencies.
- Officers were currently negotiating with suppliers on the spot purchasing arrangements and they had indicated a willingness to change to the DPS terms and fees, however the fees for specialist services could not be renegotiated but work would be undertaken with other LA to drive improvements in quality which would result in best outcomes for children.
- It was clarified that the DPS had been live for over a year and the Council would be joining midway and the existing terms would cease on 8 March 2026. The system had an annual break clause which allowed the Council to leave the system as well an option to renew for a second term from 2026 to 2030.
- With regard to any lessons learnt from the sudden collapse of the London Council's arrangements, it was explained that the lack of contract management opportunities and coordination between the 32 London boroughs in terms of driving priorities and no fees increases in many years had led many suppliers to exit the arrangement and therefore London Care Placements were not viable to sustain financially. The DPS arrangement would enable the Council to drive forward its priorities and the system would be successful if it continued to respond to the market. Post Covid-19 had impacted on the costs for suppliers and the London Council arrangement had been an unofficial procurement framework and the arrangements made under this had been seen as individual spot purpose arrangements between the council and the providers. Over the previous 7 years, many providers had exited the framework predominantly because providers could not agree to continue when their fees increases were not agreed, which had left many suppliers dissatisfied and the low fees enjoyed by local authorities unsustainable for the market. The DPS is a formal contractual arrangement with regular monitoring and it was anticipated from January 2024 that there would be a steady increase in the local authorities and local providers joining the DPS. As long as the Council continues to listen to the market and works with providers to drive improvements and their priorities, the framework should be successful.
- In terms of potential savings, while prices were increasing from the artificially low costs it was emphasised that cost avoidance could be achieved through better contract management. Paying providers the market rate would ensure stable places would make good homes and was in line with the annual increases paid to foster carers and children. It was value for money and would provide fair and transparent and clear process for providers to ask for increases instead of negotiating fees with individual local authorities.

**RESOLVED to:**

- 1. Agree to join the established Dynamic Purchasing System (DPS) managed by London Borough of Newham for the provision of Independent Fostering Agencies.**
- 2. Agree to redirect the funding allocated to the London Care Services (LCS) Subscription into funding the management fee of the DPS by Newham (currently £6,300 p.a.).**

The Decision Notice sets out the reasons for the recommendations, the options considered and the decision.

## **8 F S267 Provision of Leasehold (Buildings) Insurance**

8.1 Jamie Whitehouse, Acting Head of Insurance, introduced the report that outlined the results of the re-tendering of the Council's Leasehold Buildings Insurance contract following a procurement exercise undertaken during September to November 2023 prior to the expiry of the existing contract on 31 March 2024. This was a challenging time to procure insurance with market uncertainty leading to increased premiums and the position not expected to change in the immediate future. Officers in conjunction with the Council's insurance brokers, Marsh, evaluated the 2 bids received and only one had been viable, which was the incumbent insurer and premium cost had increased by 16.5%. There were no material changes in the policy for the next year.

8.2 Following the introduction, Members of the Committee asked questions which were responded to as follows:

- With regard to self insurance creating unmanageable levels of uncertainty and financial risk but potential for significant savings to the Council, it was emphasised that due to the nature of insurance it would be a high risk for the Council not to have insurance cover as it would not be insured for a major event.
- The insurance market was limited and it would not be a viable option for the Council to have hybrid insurance to include catastrophic elements. This option was reviewed with insurers but there was no appetite for the risk in the market.
- Where the Council is the freeholder, buildings insurance has to be procured by the Council for leasehold properties as per the terms of the lease contracts. The insurance premium is then recharged to leaseholders on an annual basis.
- It was confirmed that there had been more insurance claims in 2022 compared to 2023 but the claims could increase during the winter period.
- It was explained that it had been a challenge to get social value from this type of contract and that the social value in terms of the volunteering days offered had been marked as low within the report. The Acting Head of Insurance undertook to raise social value at the contract implementation meeting.

### **RESOLVED:**

**To agree the award of the leasehold buildings insurance contract to Insurer A for a period of 3 years (with provision to extend for 2 years) following a 30 day statutory consultation with leaseholders.**

The Decision Notice sets out the reasons for the recommendations, the options considered and the decision.

## **9 Exclusion of the Public and Press**

### **RESOLVED:**

**THAT the press and public be excluded from the proceedings of the Cabinet Procurement Insourcing Committee during consideration of Exempt items 10 -**

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13 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.

**10 Exempt Minutes of the Previous Meeting of the Cabinet Procurement and Insourcing Committee on 4 December 2023**

10.1 Members considered the previous restricted minutes of the Cabinet Procurement and Insourcing Committee held on 4 December 2023.

**RESOLVED**

**That the restricted minutes of the Cabinet Procurement and Insourcing Committee held on 4 December 2023 be agreed as a true and accurate record of proceedings.**

**11 CE S211 Commissioning Framework - Homes for Looked After children and Care Leavers via London Borough of Newham Dynamic Purchasing System - Business Contract (Exempt Appendices)**

11.1 The exempt appendices relating to item 8 were noted.

**12 F S267 Provision of Leasehold (Buildings) Insurance (Exempt Appendices)**

12.1 The exempt appendices relating to item 7 were noted.

**13 Urgent Exempt Business**

13.1 There was no urgent business to consider.

**Duration of the meeting: 5.00-5.30pm**

Cllr Robert Chapman  
Chair of Cabinet Procurement Insourcing Committee