



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

Monday, 8 January 2024 at 5.00 pm
Room 102, Hackney Town Hall, Mare
Street, London, E8 1EA

Live stream link: <https://youtube.com/live/4KOQ0ZAGSss>
Back up link: <https://youtube.com/live/tXTIhTkjvU4>

Members of the Committee:

Councillor Robert Chapman, Cabinet Member for Finance, Insourcing and Customer Service (Chair)

Councillor Christopher Kennedy, Cabinet Member for Health, Adult Social Care, Voluntary Sector and Culture

Mayor Caroline Woodley

Councillor Mete Coban MBE, Cabinet Member for Climate Change, Environment and Transport

Dawn Carter-McDonald
Interim Chief Executive
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Cabinet Procurement and Insourcing Committee

Monday, 8 January 2024

Order of Business

1 Apologies for Absence

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

On occasions part of the Cabinet Procurement and Insourcing Committee meeting may 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. This is in accordance with the Local (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 (the “Regulations”).

This agenda contains exempt items 10 and 13 as set out following the Exclusion of Press and Public agenda Item 9.

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 and Insourcing 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.

3 Declarations of Interest

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

4 Urgent Business

The Chair will consider the admission of any late items of Urgent Unrestricted Business which will be considered under the agenda item where they appear.

5 Deputations/Petitions/Questions

At the time of the agenda publication none have been received.

Guidance on submitting a question to the Cabinet Procurement and Insourcing Committee can be found at: <https://hackney.gov.uk/ask-a-question/#cabinet>

6 Unrestricted Minutes of the Cabinet Procurement and Insourcing Committee held on 4 December 2023 (Pages 9 - 16)

To confirm the unrestricted minutes of the previous meeting of Cabinet Procurement and Insourcing Committee(CPIC) held on 4 December 2023

7 CE S211 Commissioning Framework - Homes for Looked After children and Care Leavers via London Borough of Newham Dynamic Purchasing System - Business Contract (Pages 17 - 58)

8 F S267 Provision of Leasehold (Buildings) Insurance (Pages 59 - 74)

9 Exclusion of the Public and Press

Note from the Governance Team Leader:

Agenda Item(s) 10 - 13 allows for the consideration of exempt information.

Proposed Resolution:

That the press and public be excluded during discussion of the remaining items on the agenda, on the grounds that they involve the likely disclosure of exempt information as defined in those paragraphs of Part 1 of Schedule 12A of the Local Government Act 1972.

10 Exempt Minutes of the Previous Meeting of the Cabinet Procurement and Insourcing Committee on 4 December 2023 (Pages 75 - 80)

To confirm the exempt minutes of the previous meeting of Cabinet Procurement and Insourcing Committee held on 4 December 2023 as an accurate record

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) (Pages 81 - 158)

12 F S267 Provision of Leasehold (Buildings) Insurance (Exempt Appendices) (Pages 159 - 196)

13 Urgent Exempt Business

The Chair will consider the admission of any late items of Urgent Exempt Business

Public Attendance

The Town Hall is open. Information on forthcoming Council meetings can be obtained from the Town Hall Reception.

Members of the public and representatives of the press are entitled to attend Council meetings and remain and hear discussions on matters within the public part of the meeting. They are not, however, entitled to participate in any discussions. Council meetings can also be observed via the live-stream facility, the link for which appears on the agenda front sheet of each committee meeting.

On occasions part of the meeting may be held in private and will not be open to the public. This is if an item being considered is likely to lead to the disclosure of exempt or confidential information in accordance with Schedule 12A of the Local Government Act 1972 (as amended). Reasons for exemption will be specified for each respective agenda item.

For further information, including public participation, please visit our website <https://hackney.gov.uk/menu#get-involved-council-decisions> or contact: governance@hackney.gov.uk

Rights of Press and Public to Report on Meetings

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

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

- Anyone planning to record meetings of the Council and its public meetings through any audio, visual or written methods they find appropriate can do so providing they do not disturb the conduct of the meeting;
- You are welcome to attend a public meeting to report proceedings, either in 'real time' or after conclusion of the meeting, on a blog, social networking site, news forum or other online media;
- You may use a laptop, tablet device, smartphone or portable camera to record a written or audio transcript of proceedings during the meeting;
- Facilities within the Town Hall and Council Chamber are limited and recording equipment must be of a reasonable size and nature to be easily accommodated.
- You are asked to contact the Officer whose name appears at the beginning of this Agenda if you have any large or complex recording equipment to see whether this can be accommodated within the existing facilities;
- You must not interrupt proceedings and digital equipment must be set to 'silent' mode;
- You should focus any recording equipment on Councillors, officers and the public who are directly involved in the conduct of the meeting. The Chair of the meeting will ask any members of the public present if they have objections

to being visually recorded. Those visually recording a meeting are asked to respect the wishes of those who do not wish to be filmed or photographed. Failure to respect the wishes of those who do not want to be filmed and photographed may result in the Chair instructing you to cease reporting or recording and you may potentially be excluded from the meeting if you fail to comply;

- Any person whose behaviour threatens to disrupt orderly conduct will be asked to leave;
- Be aware that libellous comments against the council, individual Councillors or officers could result in legal action being taken against you;
- The recorded images must not be edited in a way in which there is a clear aim to distort the truth or misrepresent those taking part in the proceedings;
- Personal attacks of any kind or offensive comments that target or disparage any ethnic, racial, age, religion, gender, sexual orientation or disability status could also result in legal action being taken against you.

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

Advice to Members on Declaring Interests

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

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

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

Disclosable Pecuniary Interests (DPIs)

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

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

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

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

You **must not**:

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

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

Other Registrable Interests

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

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

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

Disclosure of Other Interests

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

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

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

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

MONDAY, 4 DECEMBER 2023

Councillors Present: Councillor Robert Chapman in the Chair

Councillor Mete Coban MBE (late)
Councillor Christopher Kennedy
Mayor Caroline Woodley (late)

Officers in Attendance: Rotimi Ajilore - Head of Procurement
Jane Havemann - Head of Housing Delivery and Supply,
Regeneration & Capital Programme Delivery
Natalie Kokayi - Governance Officer
Constant McColl - Principal Transport Planner,
Streetscene
Bronwen Thomas - Project Manager, Regeneration &
Capital Programme Delivery
Natalie Williams - Senior Governance Officer

Officers in Attendance Virtually: Merle Ferguson - Procurement Strategy and Systems Lead
Leila Gillespie - Procurement Category Lead for Corporate Services
Divine Ihekwoaba - Procurement Category Lead for Construction
Timothy Lee - Procurement Category Lead for Health and Social Care
Chris Lovitt - Deputy Director of Public Health
Claire Oldham - Operations Manager, Benefits & Housing Needs
Patrick Rodger - Senior Lawyer
George Stone - E-Procurement Systems Manager

1 Apologies for Absence

1.1 There were no apologies received.

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

2 Urgent Business

2.1 There was no urgent business to consider.

3 **Declarations of Interest**

3.1 There were no declarations of interest.

4 **Notice of Intention to Conduct Business in Private and Representations Received**

4.1 There were no representations 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 September 2023**

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

RESOLVED

That the unrestricted minutes of the Cabinet Procurement and Insourcing Committee held on 23 October 2023 be agreed as a true and accurate record of proceedings.

6.2 Members noted the Action Tracker contained within the agenda.

7 **CHE S269 Hackney Residential On-Street Electric Vehicle Charging Points Contract Variation**

7.1 Constant McColl, Principal Transport Planner introduced the report which sought variations for working in partnership with the Electric Vehicle Charging Point (EVCP) supplier. The contracts were awarded in July 2022. The war in Ukraine and surge in energy prices had rendered the original contract and pay as you go (PAYG) price submission unsustainable. The report sought approval for an increase in the PAYG price. The report recommended the approval of a contract for the delivery of 70 fast chargers and dedicated EV Car Club to be financed from the £500,000 grant funding awarded to the Council from the Local Electric Vehicle Infrastructure (LEVI) fund pilot scheme.

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

- £500m related to the end user concession contract value of contract 2 which was based on revenue accrued over 15 years.
- Contract 2 was expected to deliver more revenue due to greater electricity usage than contract 3 which was low power usage.
- The recommendation for the approval of a contract for 70 fast chargers related to contract 2

(Cllr Coban entered the meeting.)

- The price uplift applied to both contacts.
- The contract agreed in 2022 allowed for grant funding to be injected into the contract allowing for the Council to receive a larger part of the accrued revenue over the life of the contract.
- In the event of any unforeseen events there was the option to come back to CPIC and request a further variation to the contract.
- The revenue share was agreed through the initial tender process. The increase in costs related to the input costs for the electricity, with no change to the profit made by the supplier or Council. It was still expected that the same amount of money (£12.5m) would be made over the 15 years; however this would vary depending on the uptake of electric vehicles.

RESOLVED:

- 1. To agree to increase the PAYG price per kWh charged by the Electric Vehicle Charge Point Operator (CPO), Zest Eco Ltd as per Table 1 in Appendix 2 'Proposed tariff increase'. The variation will take effect from 1 January 2024 until 31 December 2034.**
 - 2. That following the receipt by the Council of grant funding from the Local Electric Vehicle Infrastructure (LEVI) fund pilot scheme, award to Zest Eco Limited a contract for the delivery of 70 fast chargers and dedicated EV Car Club bays for a maximum value of five hundred thousand pounds (£500,000).**
- 8 CHE S275 New Homes Programme - Multi Disciplinary, Engineering and Technical Consultancy Services (Contract Award)**
- 8.1 Bronwen Thomas, Project Manager- Regeneration & Capital Programme Delivery, introduced the report. The New Homes Programme was approved by Cabinet in December 2022. The report sought approval to appoint a suitably experienced and capable Multi Disciplinary Engineering & Technical Consultant (MDC) and supporting consultant disciplines to all sites comprising the New Homes Programme. The tender process was scored on a 70% quality and 30% costs basis.
- 8.2 Members of the Committee asked questions which were responded to as follows:
- Through quality and cost balance, the bidder with the best knowledge of the borough was selected due to the small, complex, piecemeal nature of sites across the borough.
 - The importance of engagement was acknowledged as this would be picked up not only as part of this contract but as part of the wider work. It was noted that local steering groups were being established to help facilitate this.

RESOLVED:

- 1. To approve the appointment of Bidder D to provide Multi Disciplinary, Engineering and Technical Consultancy Services to the Council's New Homes Programme, following a Restricted Tender Procedure under the Public Contracts Regulations 2015**

2. To enter into a contract with Bidder D for a duration of three years to a value of £2,922,650 excl VAT.

9 **CED S286 Extension of Temporary Accommodation Dynamic Purchasing System**

9.1 Claire Oldham, Operations Manager-Benefits & Housing Needs, introduced the report which provided a business case for the extension of the current Dynamic Purchasing System (DPS) used to procure temporary accommodation for homeless residents. The extension would enable the Benefits & Housing Needs Service to fulfil its statutory duty to house homeless households. It was explained that it was a rolling tendering system, with suppliers responding to a series of questions which are scored. The current DPS had been running for almost 7 years and was due to expire on 26th January 2024. The report sought an extension of the contract for a period of up to four years.

9.2 Questions from the Committee were responded to as follows:

- The contract was for up to four years on yearly blocks (1+1+1+1)
- The Council had undertaken to work with those suppliers outside the system to ensure the application process was more efficient.
- The Council had made suggestions to non compliant suppliers and had not moved forward with rent increase requests from these suppliers
- It was noted that the current climate and overall demand was in favour of suppliers
- More focus would be put on the procurement strategy objectives going forward. **ACTION:** This was to be included in the action tracker
- The Local Housing Allowance did not align with full market value of properties in Hackney. Due to the temporary nature of the accommodation, many of these properties charged nightly rates.
- The effect of the benefit cap meant that more people would fall into the cap and not necessarily get more money.

RESOLVED:

To agree to extend the current Temporary Accommodation Dynamic Purchasing System for a period of up to four years, from 26th January 2024 to 26th January 2028.

10 **Decision to End the City and Hackney Young People's Clinical Health and Wellbeing (CHYPS Plus) Service**

10.1 Chris Lovitt, Deputy Director of Public Health informed the committee that this was a historical report for information only as the service had ended. He advised that the decision to discontinue the service was because of poor performance from the provider. Services for young people could now be accessed at Homerton Hospital. A strategy on strengthening sexual and reproductive health services for young people would be presented to the Health and Wellbeing Board in January; focussed on increasing access and uptake and a better service model.

10.2 The report had been considered by Scrutiny and it was agreed that it would be taken off the procurement pipeline (**ACTION**)

11 Any Other Unrestricted Business the Chair Considers to be Urgent

There was no other unrestricted business for consideration.

12 Date of Next Meeting

It was noted that the next meeting would be held on 8 January 2024 at 5.00pm.

13 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 and 11 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.

14 Exempt Minutes of the Cabinet Procurement and Insourcing Committee held on 4 September 2023

14.1 Members considered the previous exempt minutes of the Cabinet Procurement and Insourcing Committee held on 23 October 2023.

RESOLVED

That the exempt minutes of the Cabinet Procurement and Insourcing Committee held on 23 October 2023 be agreed as a true and accurate record of proceedings.

15 CHE S275 New Homes Programme - Multi Disciplinary, Engineering and Technical Consultancy Services (Contract Award)

15.1 The discussion relating to this item is contained within the restricted minutes.

16 Decision to End the City and Hackney Young People's Clinical Health and Wellbeing (CHYPS Plus) Service

16.1 The discussion relating to this item is contained within the restricted minutes.

17 Any Other Unrestricted Business the Chair Considers to be Urgent

17.1 There was no restricted urgent business to consider.

Duration of the meeting: 5.00 - 5.49 pm

Cllr Robert Chapman
Chair of the Cabinet Procurement and Insourcing Committee

CABINET PROCUREMENT AND INSOURCING COMMITTEE

ACTIONS TRACKER as at 21/12/2023

Ref	Meeting Date	Agenda Item	Action	Assigned to	To be completed by	Status
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	February 2024	On track
6	03/07/23	AHI S222 Lime Tree & St Peter's House	To provide an update at a future meeting on the progress for insourcing this contract.	Leslie Hill	January 2025 or earlier	
7	04/12/23	CED S286 Extension of Temporary Accommodation Dynamic Purchasing System	More focus would be put on the procurement strategy objectives going forward.	Claire Oldham,		



CABINET PROCUREMENT & INSOURCING COMMITTEE

COMBINED BUSINESS CASE AND CONTRACT AWARD REPORT (INSOURCING OR OUTSOURCING DECISION)

Title of Report	Commissioning Framework - Homes for Looked After children and Care Leavers via London Borough of Newham Dynamic Purchasing System - Business Case
Key Decision No.	CE S211
CPIC Meeting Date	8 January 2024
Classification	Open (with exempt appendices)
Ward(s) Affected	All Wards
Cabinet Member	Deputy Mayor Cllr Anntoinette Bramble
Key Decision	Yes <hr/> Reason Affects two or more wards & Spending/or saving
Group Director	Helen Woodland, Group Director of Adults, Health and Integration on behalf of Jacquie 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)	Circa £15.4m for a 2 year period (dependent on the level of usage)
Contract Duration (including extensions e.g. 2 yrs + 1 yr + 1 yr)	Dynamic Purchasing System - until 8th of March 2026 with the option to extend for up to 4 years until 2030.

1. Cabinet Member's Introduction

- 1.1. This report proposes an exciting opportunity to join with a number of other East London Local Authorities to access a Dynamic Purchasing System (DPS) for the provision of Independent Fostering agencies that is hosted by London Borough of Newham.
- 1.2. The DPS will run until 8th of March 2026 with the option to extend for up to a further 4 years.
- 1.3. Independent Fostering Agencies provide foster carers to local authorities where there is insufficient in house provision, or where the needs of the child are more specialist and require either a home at a distance or with specialist support. For North East London, Independent Fostering Agencies provide approximately 40% of all foster care arrangements and play a critical role in meeting our sufficiency for looked after children.
- 1.4. Foster carers provide support and care for some of our most vulnerable children and young people. We want each child in our care to be provided with the right placement at the right time, and for foster care to be a positive and beneficial choice for children and young people. By working together with other Local Authorities we have an opportunity to deliver significant improvements to the outcomes for children in these arrangements. By improving the quality and availability in North East London we can ensure children are kept closer to home and their communities, and are supported by highly skilled and culturally matched carers. We can work closely with our partner Local Authorities and providers to focus on valuing our young people's heritage, promoting family and sibling contact and community ties and therefore making the transition back home, or supporting young people onto independence in the local community easier.
- 1.5. We want to see more of our looked after children and young people living in family settings in and around Hackney, with carers who have been recruited, trained and retained by us. However, when this is not possible we want to have good relationships and influence the recruitment, training and retention of independent fostering agencies. We would like the diversity of our carers backgrounds and life experiences to be more reflective of the diversity of our care experienced population. We would like to hear that all our carers feel ready and able to meet the complexity of the presenting need, because they feel well supported by our staff, as well as each other. In order to achieve this, we know that we need to prioritise the ongoing development of our fostering recruitment and retention offer internally but also with private agencies to make sure they are actively supporting us to meet our sufficiency.

2. **Group Director's Introduction**

- 2.1. The Council has a legal obligation under the Children Act 1989 to provide suitable accommodation for Looked After Children and fulfil its corporate parenting duty. It is the collective responsibility of the Council, elected members, employees and partner agencies to provide the best possible care and safeguarding for the children who are looked after by the London Borough of Hackney.
- 2.2. The proposal in this report sets out an opportunity to join an existing DPS run by London Borough of Newham for the provision of foster care. Note that the DPS does not commit the Council to any given level of expenditure and there is no guaranteed level of spend with any of the suppliers admitted to the DPS.
- 2.3. This will build on the North East London Residential Commissioning Partnership's existing strategy in which boroughs already share a block contract for residential children's homes. This sub-regional approach will make a significant difference in the way local authorities work with private fostering providers, enable local authority influence and market shaping whilst improving the experiences of children in our care who are living with those foster carers and providers.
- 2.4. In previous years North London boroughs have relied on London Care Placements for a framework of approved providers and fixed costs. However, London Councils ended this service in April 2023 and there is currently no legal procurement framework for commissioning these arrangements nor any guarantee on fixed prices. This has had an exponential impact on all our placements budgets and it is therefore imperative immediate action is taken. By joining this DPS Hackney will be part of a formal procurement framework for commissioning these arrangements that is compliant with procurement regulations.
- 2.5. Working in partnership with other local authorities means that we will be able to share resources, create efficiencies and have greater power in market shaping, which ultimately will support placement stability and cost avoidance.
- 2.6. By developing this work sub-regionally we are able to tailor our approach to meet the needs of our children as we are close in geographical footprint and in terms of needs of our children. We are able to work to influence and shape the independent fostering market and build strong relationships with smaller and local providers who are invested in working with our local authorities to improve services.
- 2.7. The DPS will standardise the enrolment and quality assurance of all the providers being commissioned. It will enable a robust audit trail of spending and will provide a fast route to market for new initiatives, saving time and resources. The access fee detailed in this report is a fraction of the cost should Hackney attempt to commission and run a DPS themselves.. Joining an established DPS, at the same time as other

London authorities are joining, will make the DPS more attractive to providers and in turn provide greater competition amongst providers and help drive up quality of services.

- 2.8. In 2022-2023, £7.1 million was spent on independent fostering agencies all through spot purchasing, the DPS will allow Hackney to commission the majority of these arrangements through a procurement compliant process.
- 2.9. The DPS will support community wealth building by encouraging and supporting local suppliers in Hackney and small and medium sized suppliers to register on the DPS. Local providers will be encouraged and supported to join the DPS.

3. **Recommendations**

Cabinet Procurement & Insourcing Committee is recommended to:

- 3.1. **Agree to join the established Dynamic Purchasing System (DPS) managed by London Borough of Newham for the provision of Independent Fostering Agencies.**
- 3.2. **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.**

4. **Related Decisions**

- 4.1. There are no related decisions.

5. **Options Appraisal And Business Case (Reasons For Decision)**

- 5.1. The London Borough of Hackney is seeking agreement to join the London Borough of Newham DPS for the provision of Independent Fostering Agencies and Children's Homes. The DPS was approved by Newham's Cabinet in November 2022 and has been live since the 30th of November 2022. The DPS was established by Newham to ensure all care arrangements are procured through a quality assured and procurement compliant process.
- 5.2. This DPS does not commit the council to any given level of expenditure and there is no guaranteed level of spend with any of the suppliers admitted to the DPS.
- 5.3. Note: Applications to join the DPS will be administered by LB Newham. Call-offs from the DPS for individual fostering placements will be approved by relevant officers in line with the scheme of delegation.
- 5.4. London Boroughs of Waltham Forest, Barking and Dagenham, Redbridge, Havering, Tower Hamlets, Greenwich and Milton Keynes City Council

have also indicated their intention to join this DPS as they were all previously subscribing members of London Care Placements.

- 5.5. None of the above Local Authorities (other than Newham) have an existing framework or dynamic purchasing system in place for these contracts and like Hackney rely solely on spot purchasing for all these arrangements.

Background

- 5.6. Up to March 2023, all the above Local Authorities were subscribing members of London Care Services¹ (LCS) which provided access to an approved list of providers with agreed and fixed costs for the duration of Local Authority and Provider Membership. LCS led on approval of providers who had to be Ofsted rated Good or Outstanding and negotiated costs on behalf of all member authorities. As a result, member authorities have had relatively stable costs for care arrangements and a robust process in place that avoided individual annual negotiation on uplifts by individual authorities. The LCS contract however is not a tender process so all care arrangements were made on spot purchase basis. This means that there is limited influence and control over the quality and shape of the market.
- 5.7. On the 1st of April 2023, LCS ceased to operate and although existing contracts remain valid until the child moves on, any new arrangements with these providers are not bound by any formal contractual arrangements nor agreement on prices. This has resulted in the many London authorities being inundated with fee reviews and spot purchase price increases, most of which have been in line with CPI² or above where there have been legacy prices that have not been increased for several years. For the North & East London authorities, this has meant a potential increase of 10% on all existing arrangements which is a significant increase on already existing budgetary pressure. For the London Borough of Hackney this would be an additional £709k per year. See table below.
- 5.8. **Table 1 - Local Authority Spend and Budget on Independent Fostering Agency Care Arrangements 2022/23 with impact of 10% increase**

¹ London Care Services - was a regional collaborative arrangement, working on behalf of 17 Local Authorities (16 London boroughs and one partner authority, Milton Keynes), in order to collectively commission and quality assure Independent Fostering Agencies (IFA) and Residential Children's Homes (RCH). The work of LCS is overseen by the Association of London Directors of Children's Services (ALDCS), hosted by London Councils.

² CPI - Consumer Price Index measures the overall change in consumer prices based on a representative basket of goods and services over time.

Borough	2022/23 Outturn	2022/23 Budget	Worst case scenario 23/24 outturn with 10% uplift on all IFA based
Hackney	£7,099,663	£7,688,000	£7,809,629

- 5.9. Research conducted by the National Association of Fostering Providers (NAFP) has indicated that there is little interest from Independent Agencies joining individual local authority frameworks or contracts due to the national challenges with demand and supply of carers, but also the resources required to tender for these contracts.
- 5.10. Through initial market engagement conducted by our local authorities in partnership with the NAFP the above findings were confirmed however there was significant appetite from IFAs to join regional commissioning approaches as they allow for more co-production between local authorities and independent agencies to improve outcomes for looked after children. This is consistent with previous papers published by NAFP where the messaging has been consistent that “overall providers said that they prefer local authorities to work together to establish and manage framework contracts or dynamic purchasing systems. This creates efficiencies for all parties.”³
- 5.11. North East London authorities had good feedback in terms of relationships with those agencies consulted and agencies confirmed they were more likely to offer those authorities they had better working relationships with, more care arrangements and preferential rates. Unlike a framework agreement, the advantage of the Newham DPS is that new providers can onboard at any time and there is scope to grow the number of providers currently on their DPS.
- 5.12. If we all commissioned individually we would be further fragmenting the market. By joining an existing arrangement with a number of North and East London Authorities we will be able to build stronger partnerships with a smaller group of local providers, support recruitment and retention and develop those agencies and carers to meet the evolving needs of our children and young people. By commissioning in partnership we will be able to align our strategic objectives and ensure that we are meeting our sufficiency duty now and in the future.
- 5.13. Hackney has an existing commissioning relationship with Newham as we were one of the original authorities to jointly commission residential

³ National Association of Fostering Providers, December 2017, *How well are fostering services commissioned? Qualitative survey of views from the independent and voluntary fostering sector in England, Scotland and Wales December 2017, Summary Report*. [Online, available from: <https://www.nafp.org.uk/resources/7-how-well-are-fostering-services-commissioned>]

Children's Homes through a DfE bid in 2018 (the North East London Residential Commissioning Partnership). This contract is still live and is in partnership with a total of 8 London Local Authorities underpinned by a collaboration agreement where London Borough of Havering is the lead. This has been a successful partnership which has resulted in many children being able to stay closer to home and has increased capacity in the residential children's home market locally.

Newham Dynamic Purchasing System (DPS)

- 5.14. The Newham DPS was approved by their cabinet in November 2022. There are 27 agencies already on the DPS.
- 5.15. 89% of the successful Suppliers admitted to the DPS are rated as 'Good' or 'Outstanding' with Ofsted. The remaining are rated as 'Requires improvement' or have yet to be inspected. These agencies will require a risk assessment completed and signed off by a senior manager before they are used. Priority will be given to the good and outstanding homes.
- 5.16. Ofsted ratings will continue to be monitored throughout the life of the DPS to reflect the latest ratings.
- 5.17. The tender process has been successful in attracting a wider supply base. 30% of suppliers were not previously part of the LCS contract.
- 5.18. Through benchmarking that has taken place with Newham and other North and East London authorities, there are approximately 30 common providers between the local authorities. Hackney will encourage all agencies that are providing placements for Hackney children to join the Newham DPS.
- 5.19. By commissioning together we hope to create a collaborative arena where we can deliver innovative solutions and ensure stable, well matched, local homes for our children. As part of this DPS we want to embed a therapeutic and trauma informed parenting approach with the carers and agencies we work with. In addition, pioneer our Anti-Racist Parenting approach to ensure that all our agencies are working in line with our commitments to be Systemic, Trauma Informed and Anti-Racist. We believe this will lead to better outcomes and more stability for our looked after children and support every local authority in meeting its sufficiency duty.

Outcomes and Proposals

- 5.20. We propose that London Borough of Hackney redirects some of the funding that was used to pay for the LCS subscription (£15k pa) to fund the access to the Newham DPS which would be £6300 per year. A cost which is significantly less than the estimated administrative cost of Hackney procuring its own DPS (that would also have a high risk of failing to recruit a sufficient number of providers).

- 5.21. By joining this DPS we will ensure that the London Borough of Hackney delivers its statutory duty and achieves good value and quality when placing children in care.
- 5.22. By commissioning care arrangements through the Newham DPS, this will help reduce the amount of spot purchased services and London Borough of Hackney will be compliant with public contract regulations.
- 5.23. This DPS will support in bringing existing IFA arrangement placements in line through a tendered process with agreed costs for the duration of the DPS.
- 5.24. By working with a small group of local authorities with similar needs and geographical location we are going to be able to influence the local market of fostering providers to improve the quality of service provided to our looked after children and ensure best value.
- 5.25. **Benefits Realisation and Lessons Learnt**
- 5.26. As mentioned in Section 5.5 up to March 2023, London Borough of Hackney was part of London Care Services (LCS) which negotiated rates on behalf of its members. This provided some protection against annual inflation costs for the local authorities, as cost increases have to be agreed by LCS rather than individual Local Authorities. London Borough of Hackney have been paying £15,000 per annum for the subscription fee, which we believe has represented good value for money at the time due to savings and cost avoidance achieved through this subscription. However this was not a procurement regulations compliant tender process.
- 5.27. London Borough of Hackney has not had any procurement framework in place outside of LCS since 2016/17 for the provision of foster care with Independent Fostering Agencies. LCS provided Hackney with the necessary framework required.
- 5.28. In the last five years, there has been a substantial decline in the utilisation of the LCS arrangement in terms of the number of subscribing boroughs and the number of services on the register of providers. This has been in part due to local authorities and other subregional consortia setting up their own frameworks or dynamic purchasing systems. Between 2018/19 to 2022/23 there has been a loss of 52% of London boroughs and 48% of services. Providers feedback that they struggled with the lack of any annual uplifts that was held by LCS as the main reason for dropping off the framework. When providers left the LCS subscription, most local authorities in North London continued to use them but at higher spot purchasing rates when no LCS approved homes could be found. The LCS service model was based on annual borough subscriptions that deliver the required level of funding to maintain the service. As the host organisation, London Councils was responsible for ensuring LCS was run at cost. Following the ongoing decrease in subscriptions, the service had been running at a loss, utilising reserves for the past three years, and was no longer financially sustainable. In view of the financial position of LCS,

London Councils Leaders' Committee agreed that LCS will be wound down and would cease to operate from 1 April 2023.

5.29. The abrupt closure of operations of LCS did not give local authorities enough time to commission something to start by the time the contract ended. All current independent fostering arrangements are now spot purchased with very few providers honouring the terms and conditions and costs set out by the old framework.

5.30. London Borough of Hackney heavily relied on LCS to supplement its demand for foster carers as demand exceeds the in house supply of carers independent fostering agencies are an important part of the care market.

5.31. Insourcing / Outsourcing

5.32. Hackney already insources as much of its fostering provision as possible and is committed to continuing to do so. This service is currently provided through a hybrid model, through in house fostering services, and supplemented by independent and voluntary fostering agencies. This model is used by all London authorities, because the demand for foster care arrangements outstrips the supply of in house carers. In addition, sometimes more specialist carers are needed depending on the children's needs, or carers outside of Hackney and this is where the private sector plays an important role.

5.33. Table 2: Hackney data showing in house fostering households, recruitment and usage compared to IFA

5.34.

No. Looked after Children in 2022	% of children in foster care	% of which were in IFA's	No. of in house in fostering households	Hackney recruitment target per year	How many recruited in 2022
405	70%	43%	108	17	14

5.35. The above table shows that in 2022, Hackney had 406 looked after children. 70% of those children were living in foster care arrangements (approx. 280 children), 43% of those 280 children were living with foster carers from independent fostering agencies, with the rest living with in house and connected carers. The above breakdowns are similar to our statistical neighbours. Even with our ambitious recruitment targets (See Exempt Appendix 4 - Fostering Recruitment and Retention Strategy 2022/23 for more information) the provision of this service will also need to be provided by a mixed economy of in house carers and private/ voluntary fostering agencies. As our looked after children numbers have been increasing year on year, there continues to be insufficient supply of in house carers to meet the growing demand for this service.

- 5.36. The DPS proposed in this paper will provide a list of quality assured providers, with agreed fees and standardised terms and conditions through a procurement compliant process. This will support Hackney in reducing the number of spot purchasing arrangements it does for this service and give us control over ad hoc and annual inflationary uplifts.
- 5.37. What was lacking in the LCS contract was any collaboration and relationship building with providers and other local authorities and joint work to address local sufficiency. There was a lack of centralised contract management and quality assurance which through this DPS will be led on by Newham but jointly carried out by partner authorities.
- 5.38. **Strategic Context**
- 5.39. This report supports the Council to meet the requirements of Section 22G of The Children Act 1989 which requires councils to provide, as far as is reasonably practicable, accommodation for children looked after in their local area which meets the needs of those children. The Council has a statutory obligation to provide accommodation and support for looked after children and care leavers.
- 5.40. This report supports the delivery of all the priorities set out in the *Hackney Corporate Parenting and Children's Social Care Sufficiency Strategy 2023-25* - promotion of a fostering first approach, improved quality assurance and regional collaboration.
- 5.41. This report supports the delivery of the *Strategic Plan - Working together for a better Hackney 2022 to 2026* in particular the Mayor's Priorities of Working together for every child in Hackney.
- 5.42. This report also supports the Mayor's priorities and wider Council objectives to ensure that Hackney Council remains financially stable and well run, providing high-quality public services for all, with the resources to invest for the future, committed to leading on anti-racism, tackling inequality, reducing poverty and ensuring there is no place for hate in Hackney.
- 5.43. In response to the challenging national context and shortage of homes for looked after children, the London Innovation and Improvement Alliance (LIIA), working together with the Association of London Directors of Children's Services (ALDCS), has scoped the potential for a regional approach to commissioning, through the Pan-London Placements Commissioning Panel. The vision of this approach is for London Boroughs to vest in the collective power of London to shape the nature and quality of care provision across the city in the future. One outcome has been the formation of a Pan London Vehicle (PLV). The PLV is leading on the development of a welfare secure provision in London and will serve as a mechanism for future joint commissioning. Although our aspiration is that this in time will include independent fostering agencies and children's

homes, the immediate timescales do not meet our urgency for this procurement.

- 5.44. In recent years the growing foster carer shortage nationally has become exacerbated by the effects of Covid-19 and the cost of living crisis - but this national issue was prevalent even before. Fostering services nationally continue to report that there are national shortages of carers, particularly those for teenagers, children with complex needs or disabilities, sibling groups and so on. In response to this placement crisis the DfE has published *Children's Social Care: Stable Homes, Built on Love - Government Consultation Response (September 2023)* - where plans for national reform through Regional Care Co-operatives propose a package of measures that will collectively address key issues in the system, including placement storages and excess profit making by providers.
- 5.45. **Preferred Option**
- 5.46. Join the Newham DPS for the provision of Independent Fostering Agencies.
- 5.47. Through partnership working with another London local authority we will have the opportunity to share resources through joint quality assurance visits and build better relationships with our providers which will create efficiencies for Hackney. Working in partnership will also promote better information sharing about local carers, improved risk management and more power to shape and influence the market as well as control rising fees.
- 5.48. Joining an established DPS managed by Newham offers flexibility as unlimited suppliers may join and is also open to other local authorities to join. The DPS includes the submission of pre-agreed pricing structures linked to the Real Living Wage. Suppliers have submitted core prices and additional placement costs and we anticipate control over additional placement costs and more certainty of additional costs based on bidder's submissions. Newham's DPS is live until the 8th of March 2026 with an option to extend for another 4 years.
- 5.49. **Alternative Options (Considered and Rejected)**
- 5.50. **Do nothing:** Suppliers could continue to be spot purchased without a DPS, but there would be a lack of purchasing control and the element of competition to drive cost efficiencies would not influence the price of provision. Spot purchasing does not go far enough in securing better value for money and is time inefficient.
- 5.51. **Operate a standard framework without the use of DPS:** This would be a 'static' framework, which would not allow new suppliers to enter the framework throughout its lifetime and would therefore reduce the flexibility available in the current and proposed systems.

- 5.52. **Hackney commissions a new framework as a single authority:** As referenced in section 5.8, IFAs are reluctant to join individual authority frameworks so there is a high chance of market failure. In addition, this would not support market shaping as a single authority would have limited influence over the market. Hackney would also have to allocate resources and funding to commission this project which would have to be funded from existing, already stretched budgets. Hackney doesn't currently have the resources necessary to manage a DPS so more than likely would require additional staffing resources to manage this. The length of time needed to complete a procurement exercise does not meet our needs in terms of urgency and getting some control over rising prices since the ending of LCS.
- 5.53. **Join another DPS (eg. Commissioning Alliance):** London Borough of Hackney has considered joining a framework or consortium with other local authorities for a framework or DPS. There is an established Dynamic Purchasing Vehicle (DPV) through the Commissioning Alliance, the cost to join this DPV is £936k over the lifetime of the DPV and it introduces a new IT system solution. The fee includes some contract monitoring but at a strategic level which is not responsive to emergency or individual level needs so the London Borough of Hackney is not assured that it will meet our needs. The unit costs for the Commissioning Alliance DPV are not submitted upfront so it would be more challenging when planning spend. Furthermore the DPS is not Real Living wage compliant.
- 5.54. **Procure jointly with East or North London Authorities:** Establishing a joint DPS with our neighbouring authorities can be challenging to organise as it means multiple authorities investing in the same ICT solution or joining a new IT system as well as funding and recruiting a central resource to support the commissioning project. All of which are likely to cost more than the proposed access fee for the Newham DPS.
- 5.55. See Section 5.31 Insourcing/Outsourcing considerations.
- 5.56. **Success Criteria / Key Drivers / Indicators**

There are 4 main key performance indicators that represent outputs and outcomes that will be used by the Council to monitor and measure the effectiveness of the service:

- 5.57. **Compliance** with the specification, the council's terms and conditions, the regulations, statutory guidance etc.
- 5.58. **Satisfaction** from Children and Young People's experiences
- 5.59. **Value for money** - achieving outcomes and outputs within the financial envelope and adding value
- 5.60. **Foster carer** and staff satisfaction

- 5.61. The service shall be expected to report against individual outcomes for Children and Young People, service outcomes, linked to the key objectives included in the Council's sufficiency strategy.
- 5.62. The proposed KPI set out in **APPENDIX 1** is designed to deliver positive benefits to our Children and Young People whilst being meaningful and measurable for the IFA.
- 5.63. These should be embedded in the service offer, providing a clear focus for staff and commissioners, and the IFA. The IFA shall demonstrate how it will achieve these outcomes for Children and Young People; evidence these outcomes using appropriate measurement tools; review their organisation's performance against the outcomes selected and provide monitoring feedback to the Council on their performance.
- 5.64. **Whole Life Costing/Budgets**
- 5.65. The cost of joining this DPS is £6,300 per Lot, per annum until the end of the DPS which is 8th March 2026 with the option to extend for 4 years until 2030. The whole life cost of joining this DPS until 2026 is £13,650 + £25,200 for the 4 year extension until 2030.
- 5.66. The cost of this would come out of the existing Placement Budget. The cost of accessing this DPS is £8,700 per annum less than the London Care Placements contract.
- 5.67. Although we would hope that 100% of placement made would be within the DPS this is not realistic, if we're working with approximately 40 IFAs at any time and have about 30 join the DPS then we can expect to make 75% of all new care arrangements through the DPS, although would aim for 100%. DPS providers would be contacted first and preference given to those providers as an incentive for new providers to join the DPS. This would be balanced with the individual needs of children and young people and the best matched carer for them.
- 5.68. Currently we have approximately 120 children placed with IFAs across 45 providers. 44 of those children across 10 IFAs are providers that are currently on the Newham DPS. Hackney would seek to renegotiate the terms and bring these arrangements in line with the DPS terms and conditions and prices.
- 5.69. **EXEMPT APPENDIX 2, Table 3: Cost comparison between current Hackney rates paid to IFAs and Newham DPS costs.**
- 5.70. It is anticipated that reductions in costs will come from more alternative placement options available on the DPS, including the use of block contract purchasing. This means buying a pre-agreed number of beds from a supplier, will potentially mean the rates will be at a lower cost to the Council.

- 5.71. It is expected that the DPS will enable the Council to provide a consistent approach to purchasing placements at prices stated by suppliers in applications to join the DPS.
- 5.72. From the bids received, a range of unit costs were submitted with a number of new suppliers submitting rates lower than current average. The average of rates submitted are 10% lower than the current average being paid by Hackney (for standard foster care).
- 5.73. The DPS does not commit the council to any given level of expenditure and there is no guaranteed level of spend with any of the suppliers admitted to the DPS. The new rates will only apply to new placements therefore the financial implications cannot be forecast at this stage however the unit costs and total spend will be closely monitored as part of the monthly budget monitoring process.
- 5.74. **Policy Context**
- 5.75. The recommendations in this report support all local policies relating to looked after children and care leavers; these policies are underpinned by statutory guidance published by the Department for Education. The statutory guidance that relates to this report is The Children Act 1989, The Care Leavers Regulations 2010, Fostering Services: National Minimum Standards. It also supports the council in its statutory responsibilities as a Corporate Parent. See Section 5.39 for Strategic Context.
- 5.76. **Consultation/Stakeholders**
- 5.77. London Borough of Newham completed a thorough consultation with internal and external stakeholders prior to going out to tender. **The proposals have been developed through formal and informal engagement with suppliers including 150 suppliers who attended virtual market engagement events to discuss the structure of the DPS and specification, the ambition for more collaborative working with a shared ambition to achieve excellent outcomes.**
- 5.78. London Borough of Newham produced the specification in partnership with their first Young Commissioner who was recruited to support the project, and develop the service specification and evaluation criteria for the services. Feedback from the wider children in care council and care leavers forum has also been built into the specifications.
- 5.79. There are no TUPE implications for this service.
- 5.80. **Risk Assessment/Management**
- 5.81. The Hackney Procurement Risk Analysis Tool (RAT) has classified this procurement as a high risk procurement.

5.82. The table below shows the specific risks associated with the project that have been identified and steps to be taken to address them

Risk	Likelihood	Impact	Overall	Action to avoid/mitigate risk
No guarantee that this approach will meet demand for placements in Hackney	Medium	High	Medium	This is primarily as a result of national workforce pressures that affect the recruitment and retention of foster carers. Maintaining some spot purchase arrangements will mitigate this risk and continue with in house recruitment.
Hackney may be locked into an agreed baseline fee that may be greater than it is able to achieve through single authority arrangements.	Medium	High	Medium	The procurement contract will renew on an annual basis with new fees set each year thereby driving competition. Although prices are agreed - officers always negotiate with providers to ensure best value. Fees would only be applicable to new arrangements but some providers have indicated they are willing to transfer contracts under the DPS - average rates submitted by Newham show at least 10% lower rates through DPS in comparison to what Hackney is paying now. There are significant longer term over arching benefits of working together with multiple authorities - sharing best practice, quality assurance, and more negotiating power with fees as IFAs are not currently covered by CCRAAG. The high demand for homes especially for children and young people with complex and challenging needs may result in higher unit costs especially as we want to have greater emphasis on achieving good quality outcomes. The impact of better outcomes should be better medium to long term value for money as placements are more stable even if the initial unit cost is higher. In the long term, if the outcomes and stability are better, then the overall unit costs may be

				lower.
Not all current providers are/will be contracted through the DPS arrangement so there is a likelihood that it will not be possible to maximise the supply of placements or the potential for long term discounts.	High	Medium	Medium	No different to where we are now, but would be meeting procurement regulations and the benefits of joint working with other authorities bring efficiencies. Hackney can use individual authorities' good working relationships with providers not on the DPS to promote them to join, on behalf of the partnership. There are approximately 15 providers on the DPS we are currently not using (as we have no current children with them) which will support increasing our placement capacity, and several new agencies that are not familiar to Hackney so the benefit outweighs any risk
Market failure	Low	High	Low	The DPS is already established with 27 providers - more market engagement is currently taking place to attract more providers to the DPS - Hackney is currently working with existing providers not on the DPS to encourage them to join. The provider market is strong with plenty of competition -whilst there is a national shortage of foster carers all agencies continue to have optimistic recruitment targets. The DPS will support creating a sustainable pricing structure and therefore is attractive to providers with fair fee reviews and annual uplift requests that are properly considered this will reduce the likelihood of agencies joining and then dropping off. Newham have developed a communication plan and hold regular market engagement events with the next event being held on the 14th of December 2023. The market engagement events are used to gauge interest, pick up on any barriers and co-produce and review quality requirements. All engagement and feedback from

				<p>providers has been positive. The DPS will also be open to new providers for up to eight years so there is no cut off period for new entrants. Providers have informed that opportunities for block contracts and partnership working with local authorities will be attractive and a strong reason to enrol on the DPS.</p>
<p>We are not strengthening sub regional or Pan London commissioning by working with a small group of authorities / duplication of work through development of Regional Care Cooperatives</p>	Low	Medium	Low	<p>Hackney is working with our eight North East London authorities to develop sub regional commissioning. We are keeping the North East Partnership commissioners informed of our proposals and they will be able to apply to use the DPS through the way it is being set up. There are also Pan-London discussions to commission collaboratively for complex adolescents and other areas of need which are in short supply in London. These plans are likely to take several years to implement while authorisation is sought through the governance structures of each local authority. This DPS will enable us to act swiftly to improve our arrangements in Hackney. There is no obligation to spend on a DPS and if the pan London arrangements are implemented, Hackney will still be able to participate.</p>
<p>Additional running costs for the DPS</p>	Low	Medium	Low	<p>The benefit of the DPS is that suppliers can enrol throughout the life of the DPS. This also means that resources will be required to enrol and vet potential suppliers. This resource is being funded by Newham and additional resources are funded by every</p>

				<p>local authority that joins the DPS and pays the access fee. Newham's contract management team, Commissioning service and Strategic procurement will work together to operate the DPS and enrol new Suppliers so there is little impact on Hackney.</p>
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5.83. TENDER EVALUATION

5.84. Evaluation

- 5.85. Tenders were evaluated based on 60% quality and 40% price. Suppliers must achieve a qualitative evaluation score of no less than 36% out of a total of 60% to be admitted onto the DPS.
- 5.86. The Quality scores for Lot 4 (Independent Fostering Agencies) were evaluated by using the Suppliers latest Ofsted inspection report overall judgement. Following evaluation, 27 registered IFAs are proposed to be accepted on the DPS. This will offer 2382 places and help to meet the demand.
- 5.87. There are 3 sub lots which include: 4a. Core Fostering Placements 4b. Specialist Fostering Placements 4c. Parent and Child Foster Placements without assessment.
- 5.88. Lot 4b is further divided into the below sub-categories: 4b i) Children and young people with significant challenging behaviour (for e.g. Autism, conduct disorder) 4b ii) Children and young people with risk taking behaviours to themselves and others 4b iii) Children and young people with offending or highly sexualised behaviours 4b iv) Children and young people with multiple and profound disabilities with complex medical needs and high level of medical appointments 4b v) Children and young people with significant mental health and emotional needs for e.g. suicidal ideation 4b vi) Children and young people with serious sexual and criminal gang exploitation risks.
- 5.89. Table 4 below shows the Suppliers that have been successful per lot. London Borough of Newham would not share a full breakdown with submitted prices per week and final evaluated scores until the access agreements have been signed due to this being commercially sensitive information.

5.90. Table 4: Successful DPS Suppliers and lots

Fostering Agencies	4a	4b(i)	4b(ii)	4b(iii)	4b(iv)	4b(v)	4b(vi)	4c
Barnardos South East	Y	Y	Y	Y		Y	Y	Y
Capstone Foster Care South East	Y	Y	Y	Y	Y			Y
Fostering Support Group Limited	Y					Y	Y	Y
Caring Hearts	Y							Y
Family First	Y	Y	Y	Y	Y	Y	Y	Y
Family Works	Y	Y	Y	Y	Y	Y	Y	Y
FCA South East	Y	Y	Y	Y	Y	Y	Y	Y
Five Rivers - London & East	Y				Y			Y
Fostering Innovations	Y	Y	Y	Y	Y	Y	Y	Y
Fusion Fostering North East	Y	Y	Y	Y	Y	Y	Y	Y
Fusion Fostering North West	Y	Y	Y	Y	Y	Y	Y	Y
Fusion Fostering South Central	Y	Y	Y	Y	Y	Y	Y	Y
Fusion Fostering South East	Y	Y	Y	Y	Y	Y	Y	Y
Fusion Fostering - The Midlands	Y	Y	Y	Y	Y	Y	Y	Y
Fostering Hearts	Y	Y	Y	Y		Y	Y	Y
Greater London Fostering	Y	Y	Y	Y		Y	Y	Y
South Coast Fostering	Y	Y	Y	Y		Y	Y	Y
HATOLS	Y					Y		Y
Homefinding	Y	Y	Y					Y
Infinity	Y	Y	Y	Y	Y	Y	Y	Y
ISP Enfield	Y	Y	Y	Y	Y	Y	Y	Y
LiKa	Y							
Orange Grove - London and Essex	Y	Y	Y	Y	Y	Y	Y	Y
Ryancare Fostering Ltd	Y	Y	Y	Y	Y	Y	Y	Y
Sunbeam Fostering Agency - London & South	Y	Y	Y	Y	Y	Y	Y	Y
TACT - East London	Y							Y
NFA – London	Y	Y	Y	Y	Y	Y	Y	Y

5.91. 89% the successful Suppliers admitted to the PDPS are rated as ‘Good’ or ‘Outstanding’ with Ofsted. The remaining are rated as ‘Requires improvement’ or have yet to be inspected. These agencies will require a risk assessment completed and signed off by a senior manager before they are used. Priority will be given to the good and outstanding homes.

5.92. Ofsted ratings will continue to be monitored throughout the life of the DPS to reflect the latest ratings.

5.93. The tender process has been successful in attracting a wider supply base. 30% of suppliers are new and not part of the LCS.

5.94. Of those remaining agencies who are part of the LCS, over 50% have opted to not submit their LCS prices.

5.95. See Section 5.13 for more background information on the tender.

5.96. **Insurance**

5.97. The specification and tender documentation stipulated the required levels of insurance listed below and all the suppliers that have entered onto the DPS have met these requirements.

5.98.

Insurance type	Required level
Employer's Liability Insurance	£5m
Public Liability Insurance	£10m
Professional indemnity Insurance	£2m
Physical and sexual abuse insurance (this can be either as a separate policy or included within Public Liability Insurance).	£10m

5.99. Insurance Services have confirmed that these levels are appropriate.

5.100. **Market Testing (Lessons Learnt/Benchmarking)**

5.101. See Section 5.25 Lessons Learnt and Exempt Appendix 2 (Table 3) Cost comparison between current Hackney rates paid to IFAs and Newham DPS costs for benchmarking.

5.102. The Independent fostering agency market is a growing and developed market with over 90 providers registered in London and 340 providers nationally. The proposal in this report takes into account the experiences of our neighbouring local authorities and presents a unique opportunity for innovation and collaboration with a group of like minded authorities looking for sustainable interim solutions whilst the pan-London and regional commissioning work develops.

5.103. **Savings**

5.104. In 2022-2023, £7.1 million was spent on independent fostering agencies against a budget of £7.7 million. There is no guarantee that prices submitted under the DPS will be lower than the current rates (although

average costs shared by Newham evidence that the current framework of providers average costs are lower than what we are paying), but the ambition of the new DPS is to lower the unit cost through the provision of some new lower cost services. This initiative is being supported by Newham who manage the DPS. The DPS prices will only apply to new placements from the date of implementation - although most fostering providers have indicated that Hackney will be able to negotiate once they have accessed the DPS. Based on the activity to date in 2022-2023, a 1 per cent reduction in prices for new placements would equate to a cost reduction of £0.07m across the first year.

- 5.105. We anticipate that the majority of savings will be delivered through cost avoidance and price increase control as a result of commissioning care arrangements through the DPS rather than on a spot purchase basis.
- 5.106. The Children and Families service is currently reviewing all care arrangements with the aim of reducing and ending any packages of support that are no longer required and identifying cases for joint funding with Health and Education.
- 5.107. See Exempt Appendix 2 for projected cost avoidance based on joining Newham DPS through benchmarking against current rates and DPS average rates.
- 5.108. There are also qualitative savings in the form of sharing resources with Newham and partner local authorities that join the DPS - which will result in efficiencies for Hackney by avoiding the duplication of fee negotiations, quality assurance visits and contract monitoring meetings.
- 5.109. As the DPS is open to new providers to join - regular market engagement events and co-production events will support us to identify any arising issues and gaps in provision that can be collectively addressed to ensure sufficiency of placements in the future.

6. Income Generation

N/A

7. Sustainability Issues and Opportunities, Social Value Benefits

- 7.1. **Procuring Green**: The PRIMAS did not identify any negative environmental impacts for this procurement. This procurement is targeting providers who have foster carers who already live in North and East London and will be recruiting more carers in these areas for our children. This will support more children being able to be placed locally, maintaining their education, family contact and social connections. This will allow young people to walk or use public transport when travelling to visit family and friends and social workers to utilise public transport when visiting young people in their new homes, which is more environmentally friendly.

This will support the reduction in social worker travel time and expenses associated with visiting young people at a distance.

- 7.2. **Procuring for a Better Society:** The PRIMAS did not identify any negative economic impacts for this procurement. This contract will support in providing high quality foster carers for Hackney's Looked After Children through a DPS managed by London Borough of Newham. We will have an annual break clause and the option to extend for another 4 years after March 2026. Providers joining the DPS are encouraged to employ local volunteers, peer staff and apprentices. The contracts have also been divided into lots to allow smaller providers to bid successfully for the contracts.
- 7.3. **Procuring Fair Delivery:** All providers are committed to paying the London Living Wage as a minimum for all the contracts and this requirement was part of the tender evaluation process. Modern Slavery, Forced Labour and Human Trafficking questions were included in the SQ by Newham. This procurement supports the sustainable procurement strategy by moving away from spot purchasing to a DPS which will help reduce the risk of fraud.
- 7.4. **Social Value:** In addition to the outcomes sought for individual children, there will also be community level outcomes which will further enhance children and young people's lives. Embedded within the new contract is a requirement for the provider to consider social value in all aspects of the business and provide evidence that it has considered and/or implemented actions flowing from the Public Services (Social Value) Act 2012. This may include, but will not be limited to: Supporting local economic development; Providing training and employment opportunities, including supporting local colleges and schools with work placements and apprenticeship schemes; Supporting and working with the local community.
- 7.5. The services procured will support the *Hackney Corporate Parenting and Children's Social Care Sufficiency Strategy 2023-25* - promotion of a fostering first approach, improved quality assurance and regional collaboration and improving outcomes for Looked After Children and Care Leavers by providing the best home at the right time, for the most competitive price.
- 7.6. **Equality Impact Assessment and Equality Issues:** The proposed procurement process aims to place children in the most appropriate setting for their specific needs taking into consideration any specific need relating to age, disability, transgender, pregnancy and maternity, race, religion/belief, sexual orientation, sex, marriage/Civil partnership, reducing negative outcomes which result from class or socio-economic disadvantage. Therefore, we anticipate that the procurement will result in greater equality of opportunity and ability to make more appropriate matches for individual children. The decisions recommended through this report have not identified any disadvantage relating to the protected characteristics.

7.7. An Equalities Impact Assessment (EQIA) has been completed for the DPS and will be reviewed annually.

8. **Proposed Procurement Arrangements**

To join the Newham DPS as outlined in the main section of the report.

8.1. **Procurement Route**

To join the established DPS and use this to call-off for individual fostering placements as required.

8.2. **Anticipated Contract Type**

Hackney will sign an access agreement to join the Newham DPS. Call-offs will then be completed from the DPS to award contracts for individual fostering placements.

8.3. **Sub-division of contracts into Lots**

The DPS is divided into lots as detailed in section 5.84. Above.

9. **Contract Management**

9.1. The DPS is managed by the London Borough of Newham. The access fee paid by Hackney (and every additional authority that will join) will provide 0.5 FTE additional contract officer post to support in the management of the DPS. The success of the DPS will be overseen by the Strategic Resource Manager in Corporate Parenting with oversight from the Head of Service for Corporate Parenting, Group Accountant and Category Lead. Local authorities that join the DPS will be part of contract management meetings and any issues or concerns will be addressed in monthly East London Commissioner meetings that are already established. Commissioners in Hackney will promote the DPS to any providers that are being used that are not yet registered and participate in any future market engagement events. London Borough of Newham has a dedicated contract management team that supports the management and implementation of this DPS in partnership with their commissioning agency service and strategic procurement teams.

9.2. **Key Performance Indicators**

9.3. The Council shall monitor and measure the effectiveness of the service against four Key Performance Indicators (KPIs) that represent outputs and outcomes:

- Compliance with this specification, the council's terms and conditions, the regulations, statutory guidance etc.

- Satisfaction - Children and Young people's experience
 - Value for money – achieving outcomes and outputs within the financial envelope and adding value.
 - Foster Carer and Staff satisfaction
- 9.4. The service shall be expected to report against individual outcomes for Children and Young People, Service outcomes, linked to the key objectives included in the Council's sufficiency strategy.
- 9.5. The proposed DPS set out below is designed to deliver positive benefits to our Children and Young People whilst being meaningful and measurable for Independent Fostering Agency.
- 9.6. These should be embedded in the service offer, providing a clear focus for staff and commissioners, and the Independent Fostering Agency. The Independent Fostering Agency shall demonstrate how it will:
- Achieve these outcomes for Children and Young People
 - Evidence these outcomes using appropriate measurement tools
 - Review their organisation's performance against the outcomes selected
 - Provide monitoring feedback to the Council on their performance
- 9.7. See Appendix 1 for full Key performance Indicators.

10. **Comments Of The Interim Group Director Finance**

- 10.1. This report seeks approval to join the established Dynamic Purchasing System (DPS) managed by London Borough of Newham for the provision of Independent Fostering Agencies. The annual cost of £6,300 to access the DPS would be met from existing resources within the placement budget, the cost is less than the £15k previously allocated towards the LCS contract.
- 10.2. It is anticipated that reductions in costs will come from more alternative placement options available on the DPS, including the use of block contract purchasing. This means buying a pre-agreed number of beds from a supplier, will potentially mean the rates will be at a lower cost to the Council. It is expected that the DPS will enable the Council to provide a consistent approach to purchasing placements at prices stated by suppliers in applications to join the DPS.
- 10.3. The DPS does not commit the council to any given level of expenditure and there is no guaranteed level of spend with any of the suppliers admitted to the DPS. The new rates will only apply to new placements therefore the financial implications cannot be forecast at this stage however the unit costs and total spend will be closely monitored as part of the monthly budget monitoring process. As a guide in 2022-23, £7.1

million was spent on independent fostering agencies against a budget of £7.7 million.

11. **VAT Implications on Land & Property Transactions**

- 11.1. As we are undertaking this under a special legal regime (i.e. statutory duty), this is a non-business supply such that input tax on attributable costs is recoverable in full.

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

- 12.1. This report was assessed as High Risk by the Council and therefore this Report is being presented to Cabinet Procurement and Insourcing Committee for approval in accordance with paragraph 2.10 of Contract Standing Orders.
- 12.2. Paragraph 5.6 of Contract Standing Orders states that Officers may use a Framework Agreement or DPS, set up by other Central or Local Government organisations and/or other public bodies. Details of the London Borough of Newham Dynamic Purchasing System proposed to be accessed by the Council are set out in this Report.
- 12.3. It should be noted that this Report only provides for approval of contract award to join the London Borough of Newham Dynamic Purchasing System and the Council will need to sign an admission agreement to evidence this. The award of contracts for any services to be performed under the Dynamic Purchasing System will be subject to the approval of relevant officers in line with the relevant Scheme of Delegation in due course.

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

- 13.1 This report seeks approval to join the established DPS managed by the London Borough of Newham for the provision of Independent Fostering Agencies. The annual cost to access the DPS will be £6,300. Joining the DPS does not commit the Council to any minimum level of expenditure and it is unlikely that it will replace all spot purchasing. However, as a guide, in 2022-23, £7.1 million was spent on independent fostering agencies against a budget of £7.7 million.
- 13.2 Joining the Newham DPS as set-out in this report is supported as an appropriate and compliant procurement route that will enable the regulation of rates and supplier contracts whilst also contributing to the delivery of savings in an area which currently relies on a large amount of spot purchasing. The need to regularise arrangements has been given particular urgency by the ending of the LCS arrangements.

13.3 The report has been classified as High Risk (total expenditure will potentially exceed £2 million over the lifetime of the agreement) and has therefore been presented to Cabinet Procurement and Insourcing Committee for approval.

Appendices

Appendix 1 - Full Key Performance Indicators

Appendix 5 - London Borough of Newham Officer Decision Record - Award report for Commissioning homes for Children looked after and care leavers (Round 1 Lot 4: Independent Fostering Agencies)

Exempt

Exempt Appendix 2 - Table 3: Cost comparison between current Hackney rates paid to IFAs and Newham DPS costs

Exempt Appendix 3 - London Borough of Newham Specification

Exempt Appendix 4 - Fostering Recruitment and Retention Strategy 2022/23

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

Report Author	Name: Maria Zazovskaya <hr/> Title: Strategic Resource Manager <hr/> Email: Maria.Zazovskaya@hackney.gov.uk <hr/> Tel 0208 356 3471
Comments for and on behalf of the Interim Group Director of Finance prepared by	Name: Sajeed Patni <hr/> Title Head of Finance (Children & Education) <hr/> Email: Sajeed.Patni@hackney.gov.uk <hr/> Tel 0208 71034

<p>Comments for and on behalf of the Acting Director of Legal, Democratic and Electoral Services prepared by</p>	<p>Name: Patrick Roger <hr/> Title: Senior Lawyer <hr/> Email: Patrick.Rodger@Hackney.gov.uk <hr/> Tel 020 8356 6187</p>
<p>Comments of the Procurement Category Lead</p>	<p>Name: Timothy Lee <hr/> Title: Procurement Category Lead for Health and Social Care <hr/> Email Timothy.Lee@hackney.gov.uk <hr/> Tel 0208 356 7782</p>

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APPENDIX 1

Newham Dynamic Purchasing System for Independent Fostering Agencies

KEY PERFORMANCE INDICATORS (OUTPUTS AND OUTCOMES)

KPI	Outcomes	Target	Evidence	Frequency
1	Recruitment and retention of staff	95% permanent staff	1) No. of permanent staff in post 2) Total no. of staff in structure Staff records- new staff and staff departing/leaving Additionally Job Title of staff who have left the organisation in the past 12m	6 monthly
2	Retention of foster carers	85% of foster carers continue with agency for 12 months or more	1) No. of foster carers with agency for 12m + 2) Total no. of foster carers All foster carers recruited and start date	6 monthly
3	Children and Young People achieve specific needs identified in their care plan and demonstrates progress towards agreed outcomes	Hackney Children demonstrate progress in all areas	Progress reports for individual children submitted monthly or at frequency agreed in IPA. IRO six monthly reviews.	Monthly/ 6 monthly
4	Children in care receive a good education	100% of young people in placement are engaged	Number of children in education employment or	Quarterly

		in education (mainstream/ special/college) or training Improvement in school attendance	training	
5a	Placements are stable	90% of placements ending are planned and not a result of a breakdown	Records of unplanned placements ending that are not included in the care plan. Records of placements with duration of 6 months or less Placement end with reasons	Quarterly
5b	Long term stability	80% of IFA placements in the same placement for at least 2 years	1) No. of children who are living in an IFA placement for 2+ years 2) Total number of children who has been in care continuously for at least 2.5 years	Quarterly
6	Young people are prepared for transition to independence/ step across / reunited with their families	100% of young people demonstrate independent living skills appropriate to their age including financial literacy, relationships, cooking, cleaning, communication, problem solving, managing self, self-belief Planned programme in place to track	Progress reviews using outcomes measuring tools such as Outcomes Star	Quarterly

		progress of young people 70% of young people demonstrating progress each quarter. Measured through individual provider procedures.		
7	Quality of the service is improved	90% of complaints and issues are resolved within expected timescales.	Record of complaints and issues log and response timescales Record of compliments Feedback from monitoring visits Feedback from social workers and IROs Service user satisfaction survey	Six monthly
8	Safeguarding Audit	Safeguarding processes and procedures meet Safeguarding	Self-assessment completed	Annually
9	Social value outcomes achieved	Supplier demonstrates Social Value outcomes that promote economic, social and/or environmental well-being	Summary of actions and achievements regarding social value.	Annually

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OFFICER KEY DECISION

The following decision was taken on 18th November 2022

Officer taking the decision Corporate Director of Children and Young People

Date notified to all Members 22nd November 2022

End of the call-in period is midnight on 29th November 2022

This decision can be implemented from 30th November 2022

Award report for Commissioning homes for Children looked after and care leavers, Round 1 Lot 4: Independent Fostering Agencies

LONDON BOROUGH OF NEWHAM

OFFICER DECISION RECORD

Is it an officer key decision, i.e. because;		
a. it has an estimated total value or impact over £500,000 but up to £1M <u>and/or</u>	Yes	
b. It is a key decision delegated by Cabinet to the officer to make	Yes	
And the community impact threshold has not been met (i.e. the decision does not have <u>significant</u> impact on 2 or more wards) – MARK THE NO BOX IF THIS IS THE CASE		No
Is it a non-key decision (i.e. it is a decision with a value up to £500,000)		No

Report Title	Award report for Commissioning homes for Children looked after and care leavers Round 1 Lot 4: Independent Fostering Agencies
Date of Decision	
Authority to take decision	Cabinet Meeting held 3rd November 2020

	Cabinet agreed to delegate authority to The Corporate Director of Children and Young People for approval of the admission of suppliers to the DPS throughout the life of the DPS including entering into the relevant contract documentation.	
Decision Maker & Position	Tim Aldridge Corporate Director of Children and Young People	
Exempt information & Grounds	Yes	Appendix 1 contains information considered to be exempt under paragraphs 3 of Schedule 12A of the Local Government Act 1972, as amended: (3) Information relating to the financial or business affairs of any particular person (including the authority holding that information).
Wards Affected	All	
Appendices (if any)	1. Appendix 1: Moderated Scores and Costs Lot 4 Independent Fostering Agencies (IFA)	

1 Executive Summary

- 1.1 This report seeks approval from the Corporate Director of Children and Young People's services, in consultation with the Director of Procurement and the Cabinet member Children's Social Care, to seek the acceptance on to the PDPS of suppliers listed in the report who have met the minimum entry requirements for Lot 4: Independent Fostering Agencies (IFA).

2 Recommendations

- 2.1 For the reasons set out in the report and its appendices, Tim Aldridge the Corporate Director of Children and Young People's Services is recommended to agree admission on to the Dynamic Purchasing System (DPS) of the 27 successful fostering agencies (listed within the table at paragraph 3.9) who have met the minimum criteria for Lot 4: Independent Fostering Agencies.
- 2.2 The contract will run until 8th March 2026, with the option to extend for a further four years. The estimated contract value for Lot 4 over a four-year contract period is £32,400,000.

3 Background

- 3.1 Section 22G of The Children Act 1989 requires councils to provide, as far as is reasonably practicable, accommodation for children looked after in their local area which meets the needs of those children.
- 3.2 Prior to the establishment of DPS, all placements for children in care was made on spot purchase basis. For residential and IFA placements, Newham is part of London Care Services (LCS) which negotiates prices on behalf of London Care Services members. The LCS contract however is not a tender process so all placements are on spot purchase basis. This means that there is limited influence and control over the quality and shape of the market.

- 3.3 The DPS has been established and approved by Cabinet to ensure all placements are procured through a quality assured and tendered process. This is the third lot to be approved for admission onto the DPS with Round 1 for Lot 1 and Lot 2 endorsed in February 2022.
- 3.4 The PDPS does not commit the council to any given level of expenditure and there is no guaranteed level of spend with any of the suppliers admitted to the PDPS.
- 3.5 Tenders were evaluated based on 60% quality and 40% price. Suppliers must achieve a qualitative evaluation score of no less than the 36% out of a total of 60% to be admitted onto the DPS.
- 3.6 The Quality scores for Lot 4 were evaluated by using the Suppliers latest Ofsted inspection report overall judgement. Following evaluation, 27 registered IFAs are proposed to be accepted on the DPS. This will offer 2382 places and help to meet the demand.
- 3.7 There are 3 sub lots which include:
- 4a. Core Fostering Placements
 - 4b. Specialist Fostering Placements
 - 4c. Parent and Child Foster Placements without assessment
- 3.8 Lot 4b is further divided into the below sub-categories:
- 4b i) Children and young people with significant challenging behaviour (for e.g. Autism, conduct disorder)
 - 4b ii) Children and young people with risk taking behaviours to themselves and others
 - 4b iii) Children and young people with offending or highly sexualised behaviours
 - 4b iv) Children and young people with multiple and profound disabilities with complex medical needs and high level of medical appointments
 - 4b v) Children and young people with significant mental health and emotional needs for e.g. suicidal ideation
 - 4b vi) Children and young people with serious sexual and criminal gang exploitation risks
- 3.9 Table 1 shows the Suppliers that have been successful per lot. A full breakdown with submitted prices per week and final evaluated scores can be found in the Appendix, Item 1.

Fostering Agencies	4a	4b (i)	4b (ii)	4b (iii)	4b (iv)	4b (v)	4b (vi)	4 c
Barnardos South East	Y	Y	Y	Y		Y	Y	Y
Capstone Foster Care South East	Y	Y	Y	Y	Y			Y
Fostering Support Group Limited	Y					Y	Y	Y

Caring Hearts	Y							Y
Family First	Y	Y	Y	Y	Y	Y	Y	Y
Family Works	Y	Y	Y	Y	Y	Y	Y	Y
FCA South East	Y	Y	Y	Y	Y	Y	Y	Y
Five Rivers - London & East	Y				Y			Y
Fostering Innovations	Y	Y	Y	Y	Y	Y	Y	Y
Fusion Fostering North East	Y	Y	Y	Y	Y	Y	Y	Y
Fusion Fostering North West	Y	Y	Y	Y	Y	Y	Y	Y
Fusion Fostering South Central	Y	Y	Y	Y	Y	Y	Y	Y
Fusion Fostering South East	Y	Y	Y	Y	Y	Y	Y	Y
Fusion Fostering - The Midlands	Y	Y	Y	Y	Y	Y	Y	Y
Fostering Hearts	Y	Y	Y	Y		Y	Y	Y
Greater London Fostering	Y	Y	Y	Y		Y	Y	Y
South Coast Fostering	Y	Y	Y	Y		Y	Y	Y
HATOLS	Y					Y		Y
Homefinding	Y	Y	Y					Y
Infinity	Y	Y	Y	Y	Y	Y	Y	Y
ISP Enfield	Y	Y	Y	Y	Y	Y	Y	Y
LiKa	Y							
Orange Grove - London and Essex	Y	Y	Y	Y	Y	Y	Y	Y
Ryancare Fostering Ltd	Y	Y	Y	Y	Y	Y	Y	Y
Sunbeam Fostering Agency - London & South	Y	Y	Y	Y	Y	Y	Y	Y
TACT - East London	Y							Y
NFA – London	Y	Y	Y	Y	Y	Y	Y	Y

4 Proposals (including the reasons for the proposed decisions)

- 4.1 To ensure that Newham Council delivers its statutory duty and achieves good value and quality when placing children in care.
- 4.2 To ensure that Newham Council is compliant with public contract regulations.
- 4.3 To bring IFA placements in line with residential and semi-independent provision and ensuring all placements are made through a tendered process.
- 4.4 Some suppliers have submitted applications for more than one agency. Applications were received for 23 suppliers with 28 IFAs. One (1) tender is not compliant and will not be admitted onto the DPS.
- 4.5 27 agencies have been successful and are proposed to be admitted onto the PDPS. Of this, there is an outstanding LADO investigation for one Supplier under a spot placement arrangement. This Supplier has met the minimum criteria and under Legal advice, are recommended entry onto the DPS. No placements will be made with the Supplier until the investigation is complete and the Council is satisfied that the Safeguarding processes are sufficient.
- 4.6 89 per cent of the successful Suppliers admitted to the PDPS are rated as

'Good' or 'Outstanding' with Ofsted. The remaining are rated as 'Requires improvement' or have yet to be inspected. These agencies will require a risk assessment completed and signed off by a senior manager before they are used. Priority will be given to the good and outstanding homes.

- 4.7 Ofsted ratings will continue to be monitored throughout the life of the DPS to reflect the latest the ratings.
- 4.8 The tender process has been successful in attracting a wider supply base. 30% of suppliers are new and not part of the LCS.
- 4.9 Of those remaining agencies who are part of the LCS, over 50% have opted to not submit their LCS prices.

5. Delivering Council Policy and Priorities

5.1 These services will contribute to the Towards a Better Newham Strategy:

- **Pillar 2:** The Council will ensure every resident under 25 is safe, happy and cared for, with positive activity to secure their long-term wellbeing
- **Pillar 3:** The Council will take action to ensure all residents are supported and enabled to access work and other opportunities in the new economy
- **Pillar 4:** The Council will make sure our residents are healthy, happy, safe and cared for, to enable them to thrive during times of recession and in the new economy
- **Pillar 8:** The Council will only welcome investment that secures a Fair Deal and Good Growth for Newham

6 Alternative options considered and rejected

6.1 The following alternative options have been considered.

6.1.1 Do nothing: Suppliers could continue to be spot purchased without a DPS, but there would be a lack of purchasing control and the element of competition to drive cost efficiencies would not influence the price of provision. Spot purchasing does not go far enough in securing better value for money and is time inefficient.

6.1.2 Operate a standard framework without the use of a DPS: This would be a 'static' framework, which would not allow new suppliers to enter the framework throughout its lifetime and would therefore reduce the flexibility available in the current and proposed systems.

6.1.3 Join another DPS: LBN has considered joining a framework or consortium with other local authorities for a framework or DPS. There is an established Dynamic Purchasing Vehicle (DPV) through the Commissioning Alliance, the

cost to joining this DPV is £936k over the lifetime of the DPV and it introduces a new IT system solution. The fee includes some contract monitoring but at a strategic level which is not responsive to emergency or individual level need and so Newham Council is not assured that it will meet our needs. The unit costs for the Commissioning Alliance DPV are not submitted upfront so it would be more challenging when planning spend. Furthermore the DPS is not Real Living wage compliant. Newham Council has invested in Fusion as a procurement solution and it is available at no additional IT cost. As suppliers find using multiple platforms prohibitive, Newham Council will continue to use secure emails for the referral process. The Newham PDPS is also open for other local authorities to join

- 6.1.4 Procure jointly with East London Authorities: Establishing a joint DPS with our neighbouring authorities can be challenging to organise as it means multiple authorities investing in the same ICT solution or joining a new IT system. Newham Council has invested in Fusion as a procurement solution and it will be available at no additional IT cost. A standalone DPS IT solution which is used in Newham Council for other services is available at a cost of £340k for the life of the DPS. This cost is prohibitive when compared to Fusion that is at a zero cost.

Establishing a Newham PDPS offers flexibility as unlimited suppliers may join and is also open to other local authorities to join. The PDPS includes the submission of pre-agreed pricing structures linked to the Real Living Wage. Suppliers have submitted core prices and additional placement costs and we anticipate control over additional placement costs and more certainty of additional costs based on bidder's submissions.

7 Consultation (see also Consultation sheet)

- 7.1 In accordance with the delegation given reports have been shared for consultation.
- 7.2 **Name of Lead Member consulted:** Councillor Sarah Ruiz, Lead Member for Children and Young People
- 7.3 **Name of officers consulted,** Steve Atherton, Director of Procurement

8 Implications

8.1 Financial Implications

- 8.1.1 It is anticipated that reductions in costs will come from more alternative placement options available on the PDPS, including the use of block contract purchasing. This means buying a pre-agreed number of beds from a supplier,

will potentially mean the rates will be at a lower cost to the Council.

- 8.1.2 It is expected that the PDPS will enable the Council to provide a consistent approach to purchasing placements at prices stated by suppliers in applications to join the PDPS.
- 8.1.3 From the bids received, a range of unit costs were submitted with a number of new suppliers submitting rates lower than current average. The average of rates submitted is 5% higher than the current average however the current average included some rates have not been reviewed for since 2016.
- 8.1.4 The PDPS does not commit the council to any given level of expenditure and there is no guaranteed level of spend with any of the suppliers admitted to the PDPS. The new rates will only apply to new placements therefore the financial implications cannot be forecast at this stage however the unit costs and total spend will be closely monitored as part of the monthly budget monitoring process. An annual report will be submitted to CMT to capture the volume and spend going through the PDPS as per Cabinet report on 3rd November 2020. The first annual report will be submitted in February 2023.

8.2 Legal Implications

- 8.2.1 The Council's statutory duties to provide care and support to those who meet the relevant criteria are already set out in the body of this report. Children's Social Care seek to provide these services in compliance with such duties.
- 8.2.2 The procurement process was conducted in accordance with the Public Contracts Regulations 2015 and was subject to the light touch regime under Regulations 74 - 76.
- 8.2.3 The Council published a contract notice on Find a Tender Service (FTS) and Contracts Finder and complied with the relevant provisions of the Council's Contract Standing Orders.
- 8.2.4 This report seeks authority to admit all candidates (listed at paragraph 3.9) who satisfied the selection criteria. There is no limit under the Regulations as to the number of candidates and the Council can admit any supplier at any time during the DPS period of validity.
- 8.2.5 There is no requirement to submit award notices when new suppliers are admitted to the DPS. However, in accordance with Regulation 50(5), the Council must publish contract award notices for specific contracts awarded under the DPS. The Council may choose to group DPS contract award notices on a quarterly basis, which must be sent within 30 days after the end of each quarter.
- 8.2.6 To award a contract/ make a placement under the DPS, the Council will need to follow the rules of the restricted procedure.

8.3 Equalities Implications

- 8.3.1 The proposed procurement process aims to place children in the most

appropriate setting for their specific needs taking into consideration any specific need relating to age, disability, transgender, pregnancy and maternity, race, religion/belief, sexual orientation, sex, marriage/Civil partnership, reducing negative outcomes which result from class or socio-economic disadvantage. Therefore, we anticipate that the procurement will result in greater equality of opportunity and ability to make more appropriate matches for individual children.

8.3.2 The decisions recommended through this report have not identified any disadvantage relating the protected characteristics.

8.3.3 An Equalities Impact Assessment (EQIA) has been completed for the DPS and will be reviewed annually.

8.4 Other Implications (e.g. HR, ICT, Property)

8.4.1 Staff resource to undertake the procurement exercise have been secured from within business-as-usual functions and includes Legal Services, Procurement, Finance and Contracts and Commissioners.

8.4.2 Commissioners will work closely with the Brokerage Team manager throughout the contract period to ensure close communications and that service types on the PDPS are responsive to changing needs of children in care

8.4.3 The DPS can be used by multiple teams and organisations therefore, we will allow other local authorities to access the PDPS through fee negotiations or contribution in kind, e.g. sharing quality assurance visits. In order to achieve this we will be developing terms for those local authorities joining at a later date.

8.4.4 As a result of the DPS we have also developed spot terms and conditions which mirror the DPS and will be rolled out for all spot placements.

9 Background Information used in the preparation of this report

9.1 Pre procurement of DPS to Commission Homes and Support Services for Looked After Children and Care Leavers Cabinet Report (03/11/2020)

9.2 Commissioning Homes Lot 4 Gateway 2 Report (28/09/2022)

9.3 Approval to award places on the DPS for Homes and Support Services for Looked After Children and Care Leavers Lot 1 Semi Independent Living (SIL) Services (Round 1) (1st February 2022)

9.4 Approval to award places on the DPS for Homes and Support Services for Looked After Children and Care Leavers Lot 2 Childrens Homes (Round 1) (1st February 2022)

CONSULTATION SHEET – COMPLETE WHERE REQUIRED OR PUT N/A

IN CONSULTATION WITH (Refer to delegation for other specific consultees)


Please check the following

- Does the decision require the agreement of or consultation of another Director, especially Finance and Legal?
- Does the decision require consultation with one or more Lead Members?

Add additional directors / members to this form as are necessary.

Only sign the report when you have received the outcome of the consultation and taken into account any comments in your decision.

Electronic signatures of any kind are accepted.

<p>SIGNATURE Officer with Delegated Powers: Corporate Director of Children & Young People Services: Tim Aldridge</p> <p>AGREED/NOT AGREED Comment: AGREED</p>	<p>Signed: </p> <p>Date: 18/11/2022</p>
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<p>Lead Member Cllr Sarah Ruiz Comment: AGREED</p>	<p>Signed: </p> <p>Date: 18/11/2022</p>
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NB Key decisions made by officers cannot be implemented until the 6th working day following the date of publication of the decision to allow members to consider whether or not to call in the decision.

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CABINET PROCUREMENT & INSOURCING COMMITTEE

CONTRACT AWARD REPORT

Contract Award Report	
Title of Report	Provision of Leasehold (Buildings) Insurance
Key Decision No.	F S267
CPIC Meeting Date	8 January 2024
Classification	Public (with Exempt Appendices)
Ward(s) Affected	All Wards
Cabinet Member	<p>Councillor Robert Chapman, Cabinet Member for Finance, Insourcing and Customer Service</p> <p>Councillor Clayeon McKenzie, Cabinet Member for Housing Services and Resident Participation</p>
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	Jackie Moylan Interim Group Director of Finance
Contract value, both Inclusive of VAT and Exclusive of VAT (for the duration of the contract including extensions)	<p>£25,827,127 (VAT exempt) Including Insurance Premium Tax (IPT)</p> <p>£23,059,935 (VAT exempt) excluding Insurance Premium Tax (IPT)</p>
Contract duration (including extensions e.g. 2 yrs + 1 yr + 1 yr)	3 yrs + 2yrs* (*optional at Council's discretion)

1. Cabinet Member's Introduction

- 1.1. This report outlines the results of the re-tendering of the Council's Leasehold Buildings Insurance contract following a procurement exercise undertaken during September to November 2023. The existing insurance contract is due to expire on 31 March 2024.
- 1.2. Under the terms of a residential lease where the Council is the freeholder, on properties mainly bought through the right to buy scheme, buildings insurance has to be provided, by the Council, for the leasehold dwelling. The insurance premium is then recharged to leaseholders on an annual basis.
- 1.3. This is a challenging time to procure insurance, with market uncertainty leading to increased premiums, a position not expected to change in the immediate future. This procurement exercise has sought to secure the best possible value for leaseholders within this climate, following an open procurement process to maximise the opportunity for companies to tender, together with a heavy weighting on price within the evaluation.

2. Group Director's Introduction

- 2.1. This report advises the Cabinet Procurement & Insourcing Committee of the results of the Leasehold Buildings Insurance procurement and recommends the award of a three year contract (with provision for a two year extension) to Insurer A. The policy covers damage to the demised property of the leaseholder(s) for normal household insurable perils.
- 2.2. Leaseholders who have property based in Council freehold dwellings, such as flats in Council blocks, under the terms of the lease have buildings insurance cover arranged through the Council. The premiums for this insurance are recharged to leaseholders as part of the established service charge process.
- 2.3. The Leasehold Buildings Insurance is currently held with Protector Insurance. This year a formal tender process has been undertaken in respect of the placement of cover from 1st April 2024. The Invitation to Tender was released to market in September 2023 via the Open procedure on the basis of a new Long Term Agreement for a period of 3 years with the Council retaining the option to extend for a further 2 years. Prior to the issue of the Find a Tender Service (FTS) Notice, leaseholders were provided with an opportunity to raise any issues in respect of the leasehold insurance with a statutory 30 day consultation period. A summary of the observations received during the Section 20 consultation period is attached at Appendix 1. Each observation has been responded to directly.

- 2.4. The property insurance market is now restricted for local authorities with only a very small number of potential bidders as the perception of risk is high. During this exercise two bids were received and only one from an established insurance provider. This represents an acceptable response in the context of a hardening market where some local authorities may have not received any traditional market response at all.
- 2.5. The risk assessment for this procurement exercise was assessed as being Medium risk; however the cost over the contract life exceeds delegated powers and hence the report is now being put before the Committee.
- 2.6. Officers of the Council in conjunction with the Council's insurance brokers, Marsh, have evaluated the tenders received. Officers are recommending that a contract for 3 years with a 2 year extension at the Council's discretion be awarded to **Insurer A** and that statutory consultation with leaseholders to inform them of the decision and respond to queries now takes place following which formal notice about the Committee's decision will be made to the successful Insurer.
- 2.7. The costs of leasehold buildings insurance has limited impact on the Council due to the cost being recharged to individual leaseholders, however the Council is mindful, particularly in the current economic climate, of the need to ensure that costs are minimised, hence the high weighting (65%) attributed to cost in the evaluation process.

3. Recommendations

Cabinet Procurement and Insourcing Committee is recommended to:

- 3.1 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.**

4. Related Decisions

- 4.1. Business Case and Risk Assessment (Medium Risk) approved by the Hackney Procurement Board on 24th August 2023 prior to issuing the Invitation to Tender.

5. Reason(s) For Decision / Options Appraisal

- 5.1. The Council has a legal requirement to procure and maintain a contract of insurance for both its own and leaseholders' interest in leasehold property acquired under the Right To Buy or similar legislation.

- 5.2. As part of our standard terms of lease the lessor (the Council) has a duty to arrange building insurance for the block, including the demised premises.

Following a Tender exercise, an annually renewable Insurance Contract was incepted with Avid from 1st April 2022 which formed part of a three year Long Term Agreement with the option to extend for a further two years.

However, the successful insurance agent, Avid, provided notice, in early 2023, that from the date of renewal they would no longer be able to fulfil the contract due to the termination of the contractual agreement with Accelerant, who provided Avid's underwriting capacity. Consequently the policy contract with Avid ended on 31st March 2023 and the Council sought an alternative insurer, on an emergency one-year basis, to meet its legal obligation.

The one year policy was placed with Protector and is due to expire on 31st March 2024.

- 5.3. Having sufficient insurance cover is a risk transfer mechanism for the Council without which it would have to meet the cost of any claims and would effectively be in breach of its lease obligations as a landlord.
- 5.4. The full premium is recharged to leaseholders via the existing service charge process managed by Hackney Housing. Purchasing the insurance via a market exercise ensures that the Council can demonstrate that it is seeking to procure the policy on the best available terms.
- 5.5. Terms have been sought on cover no less comprehensive than those currently in place. Where it was felt appropriate, based on the claims experience and observations from stakeholders, improvements to the cover provided were requested.

5.6. Alternative Options (Considered and Rejected)

- 5.7. There are currently no feasible alternative options available to the Council.
- 5.8. Undertaking a full open procurement process was considered the only viable option available to the Council in order to ensure it continued to meet its contractual liabilities from 1 April 2024 and to ensure qualifying leaseholders retained, unbroken, the financial security provided by an appropriate policy.
- 5.9. **Self-Insurance**
To completely self-insure the assets and liabilities would create unmanageable levels of uncertainty and financial risk. It would demand the retention of financial provision(s) substantially over and above the cost of insurance premiums.

5.10. **Alternative Insurance Models**

The Council's Insurance Services team and broker, Marsh, continue to review alternative models in the context of the hardening market.

6. Project Progress

6.1. Developments since the Business Case approval

None

6.2. Whole Life Costing/Budgets

6.3. The cost of the leasehold buildings insurance for 3 years is in excess of £17m, full details are within appendix 2. However the cost of the insurance is recharged directly to leaseholders using the established service charge procedure managed by Housing Services.

6.4. Risk Assessment/Management

Risk	Likelihood	Impact	Overall	Action to avoid/mitigate risk
Lack of competitive bids due to constricted number of suppliers and adverse claim costs for Public Sector & Housing Landlords nationally	Me... ▾	Me... ▾	Me... ▾	Work undertaken to promote positive risk factors for The Council with potential suppliers. Specification to promote our Risk Strategy.
Emerging areas for new types of claims are not covered	Low ▾	Me... ▾	Low ▾	Ongoing monitoring of market developments and horizon scanning of new or developing risks i.e. climate / pollution / cyber
Inadequate levels of insurance cover due to inaccurate asset or activity information	Low ▾	Me... ▾	Me... ▾	Property valuations under review and asset registers reconciled with Department/Asset Managers - Insurance risk needs are now embedded in procurement and insourcing business case procedure
Inadequate insurance provision/reserves to	Low ▾	Me... ▾	Low ▾	Biennial fund reviews undertaken by external advisers to assess levels

cover claims in internal fund				required - levels adopted are prudent
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6.5. **Savings**

- 6.5.1. There is no scope for savings on this contract. However there is limited direct impact on the Council's budget from this procurement as the cost is recharged to leaseholders through the established service charge.
- 6.5.2. Terms had been sought on cover no less comprehensive than those currently in place. However, a number of factors including the limited market and adverse claims experience and the increase in the Council's sums insured have contributed to an increase in the annual premium from £4,433,589 to £5,165,425 (inclusive of IPT) which represents a percentage increase of circa 16.5%.
- 6.5.3. Whilst the response from the market was reasonable the proposed premium cost per annum represents an increase on expiring (2023/24) rates.
- 6.5.4. The proposed annual premium represents an average increase of approximately £92 per annum, per dwelling inclusive of Insurance Premium Tax (IPT) which remains at 12%.

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

- 7.1. **Procuring Green** - The Insurance Sector is a key stakeholder in the drive to combat climate change. Insurers predict significant increases in claims exposures due, for example, to the impact caused to property portfolios by an increase in extreme weather incidents.
- 7.2. Whilst this is a financial contract only, we are committed to work with the contracted provider to ensure that we drive further commitment to tackle climate change. The Association of British Insurers (ABI) has procured a *Climate Change Roadmap & Environmental Charter* for all participating Insurers.
- 7.3. During the implementation stage of the awarded contract and at annual renewal the contracted provider will be asked to provide an update on their compliance with such initiatives. Any deviation from acceptable levels of commitment and progress will be scrutinised accordingly.

- 7.4. On a smaller scale the contract stipulates the provision of soft versions of documentation and promoting online or telephone claim reporting will mitigate the need for paper records.
- 7.5. **Procuring For A Better Society** - The Council will work with the contracted provider to identify appropriate opportunities for local employment, or pathways to employment, such as apprenticeship and/or work experience opportunities throughout the lifetime of the contract.
- 7.6. The Insurance industry is widely believed to be at risk of a significant skills shortage and the Council aims to secure training opportunities for local residents where appropriate, seeking advice and support from the Chartered Insurance Institute (CII.)
- 7.7. **Procuring Fair Delivery** - The procurement mechanism asked suppliers to commit to London Living Wage (LLW) remuneration where applicable.
- 7.8. **Equality Impact Assessment and Equality Issues** - There will be no equality issues directly applicable to the Council arising from this procurement.
- 7.9. **Social Value Benefits**
The suppliers were encouraged to provide significant social value offers in their bids. Whilst the primary method of achieving this is by providing the most economical value, the recommended suppliers met this request through a number of social and charitable propositions. Namely:
- Volunteering within the borough at Hackney led community events
 - Attendance and training talks at careers fairs and at schools.
 - Socially conscious investments
 - The development and focus on an Internal Graduate programme

8. Tender Evaluation

8.1. Evaluation:

Tender Evaluation Team: The tender evaluation team consisted of the following members of the Council's Insurance Services team supported by the Council's insurance broker, Marsh:

- Head of Insurance Services
- Senior Insurance Officer

8.2. **Procurement Process:**

The financial value of the insurance contracts required that a Find a Tender Service (FTS) process was followed and given the limited number of providers in the local authority insurance market, an open procedure was deemed to be the most effective way to proceed. Access to existing Framework agreements was considered but discounted on the basis that it may exclude key suppliers.

8.2.1. Contractors submitting tenders: As noted previously there were a total of two suppliers who bid for the insurance contract. The full list of bidding contractors is included within the **Appendix 3 (Exempt)** to this report.

8.2.2. Tenders received from the two bidders have been evaluated on the basis of:

Criteria	Weighting
Price for Insurance Cover	65%
Assessment of Policy Cover	15%
Claims Service	10%
Added Value & Innovation	5%
Social Value	5%

8.2.3. **Appendix 2 (Exempt)** sets out in further detail the contractors who tendered and the evaluation of the tenders themselves.

8.2.4. **Preferred Option:**

The preferred option is **Insurer A** as set out in **Appendix 2 (Exempt)**

9. Reason for Recommendation

9.1. The Cabinet Procurement & Insourcing Committee is recommended to progress the award of contract, subject to second leaseholder consultation, in accordance with the table immediately below:

Insurer/Provider	Score (%)*
Provider A	90% (Lead Tender)
Provider B	Disqualified

**Rounded up to the nearest %*

9.2. **Insurer A** at least met or exceeded all core requirements and scored highest overall against the evaluation criteria.

9.3. A comprehensive summary of the evaluation of the individual bids is included at **Appendix 2 (Exempt)** to this report and includes the names of the bidders.

10. **Contract Management Arrangements**

10.1. Resources and Project Management (Roles and Responsibilities): The Council has past experience of managing the implementation of new insurance arrangements. The Insurance Services section will provide the necessary resources with support from the Council's insurance broker, Marsh to ensure that the transition can be completed within the time frame available, as set out below

<i>Key Milestones</i>	
S.20 Consultation Notice of Intent	3 July to 10 August 2023
Business Case Report to HPB:	24 August 2023
Advert Placed:	4 September 2023
Issue Tender:	4 September 2023
Tender Returns:	16 October 2023
Tender Evaluation:	17 October to 10 November 2023
Contract Approval Report considered at CPIC:	8 January 2023
S.20 Consultation Notice of Proposal	12 January to 23 February 2024
Contract Award Notice	26 February 2024
Standstill Period Expires	11 March 2024
Mobilisation Period:	12 March to 31 March 2024
Contract Commencement:	1 April 2024

10.2. The Insurance Services division within the Finance and Resources Directorate will assume responsibility for the ongoing contract management of all insurance contracts. The Insurance Services division manages the current contracts on behalf of the Council. The section will continue to work closely with both insurers and relevant departments to monitor claims experience and to provide risk management training.

10.3. There are no TUPE implications.

10.4. **Key Performance Indicators**

10.5. The contract to be awarded is a Contract of Insurance and not a service contract and is therefore not readily measurable through KPI's.

10.6. However, key targets and where possible KPIs shall be agreed and set during the mobilisation stage of the contract to help protect the interests of the leaseholder and the Council.

- 10.7. In the meantime, the performance of the Insurer and their agents will be monitored closely by the Council's Insurance Services team and each provider has committed to meeting the following minimum and measurable standards;

Main KPI Targets Set	Monitoring
1. Claim settlement to be made within 14 working days	Regular (at least quarterly) "360" review meetings & Monthly Management Information (MMI)
2. Written enquiries to be responded to within 5 working days	Regular (at least quarterly) "360" review meetings & Monthly Management Information (MMI)
3. Telephone enquiries to be responded to within 24 hours	Regular (at least quarterly) "360" review meetings & Monthly Management Information (MMI)
4. Data integrity & GDPR compliance	Online access to core handling system &/or Monthly Management Information (MMI) & breach referral process
5. Claim triggers to be established based on peril type, value &/or sensitivity to allow early intervention	To be agreed by all parties within mobilisation meeting

11. Comments Of Interim Group Director Of Finance

- 11.1. The tender evaluation has identified a suitable provider for the leasehold buildings insurance contract. The insurance cover is recommended to be placed with Insurer A, an established provider, based on an evaluation of the cost of the cover, an assessment of the policy cover itself and the quality of the service from the provider.
- 11.2. As with the existing contract the cost of insurance premiums will be recharged to leaseholders. The staffing and budget required to implement and manage the contract shall be met within existing resources as this is a continuation of service provision.

12. VAT Implications On Land & Property Transactions

- 12.1. No implications identified.

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

- 13.1. On 24th August 2023 Hackney Procurement Board agreed a Medium Risk Business Case in respect of a tender process for the selection of an insurance provider for Buildings Insurance for Leasehold Properties. Paragraph 2.19 of Contract Standing Orders states that all procurements with a risk assessment of “Medium Risk” will be overseen by the Hackney Procurement Board at the Business Case stage and at Contract Award up to a value of £2m. Cabinet Procurement and Insourcing Committee will determine the award of contracts above £2m. The estimated value of the contract in this Report is above £2m so therefore Cabinet Procurement and Insourcing Committee can agree the recommendations in this Report.
- 13.2. Details of the procurement process undertaken by the Council to award this contract are set out in this Report. It should be noted that the increase in costs of the insurance will affect the service charge payable by leaseholders.

14. Comments Of The Procurement Category Lead

- 14.1. This procurement has been classified as medium risk and this report has been prepared for Cabinet Procurement & Insourcing Committee’s consideration due to the value of the overall contract for the maximum period of five years (fixed for 3 years with the Council retaining the option to extend for a further 2 years).
- 14.2. The procurement and evaluation of bids has been carried out with the support of the Procurement Manager and in accordance with the Council’s CSO’s and Public Contracts Regulations 2015. The primary considerations for the procurement of leasehold buildings insurance is to ensure that leaseholders have sufficient insurance cover and that the cost of insurance is achieved at the lowest price without compromising the terms of the insurance cover.
- 14.3. The tender process was fair, transparent, and non discriminatory. Marsh consultants have supported the tender process and shared their market knowledge. Under the current market circumstances, we have secured the best available option for insurance cover.

Appendices

Appendix 1: Summary of Section 20 Consultation Observations received

Exempt

Exempt Appendix 2:Evaluation Report prepared by Marsh
Exempt Appendix 3: Identification of Insurance Providers

By virtue of paragraph(s) 3, part 1 of schedule 12A of the Local Government Act 1972 appendices 2-3 are exempt because they contain 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 Document

None

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Comments for and on behalf of the Interim Group Director of Finance prepared by	<p>Julie Curtis</p> <hr/> <p>Head of Finance - Housing and Regeneration</p> <hr/> <p>julie.curtis@hackney.gov.uk</p> <hr/> <p>Tel:0208 356 2261</p>
Comments for and on behalf of the Acting 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> <hr/> <p>Tel: 0208 356 6187</p>
Comments of the Procurement Category Lead	<p>Leila Gillespie</p> <hr/> <p>Procurement Category Lead - Corporate Services</p> <hr/> <p>leila.gillespie@hackney.gov.uk</p> <hr/> <p>Tel: 0208 356 1147</p>

Appendix 1: Summary of Leaseholder Observations

Below is a summary of the questions and responses to the 1st Section 20 Consultation (Notice of Intention) for the Leasehold Buildings Insurance Procurement Exercise.

NB - The summary provides details of the observations relating to the service provision, cover specification and market but may exclude those related to non-insurance related procurement or Section 20 consultation procedural issues only.

Leaseholders Observations	Landlord's Response
<p>When reporting back on bids, please include information on how the insurance companies deal with perils which are occurring more frequently due to climate change. Please also include information on whether companies have net zero targets, and if so in what year each company hopes to achieve net zero</p>	<p>We will be considering green procurement strategies within the assessment criteria of eligible bids, which is based upon Hackney's Sustainable Procurement Strategy, accessible on the Council's website. Bidders will be invited to comment on this strategy and evidence how they meet it.</p>
<p>I recently received a consultation email around a new provider of building insurance for residents. The description I received of the contract feels to me far too expensive particularly the increased cost as per previous years and the higher excess charged. In many cases the causes of these issues (eg leaks from other flats) is out of the control of leaseholders and yet we are required to pay significant sums of money. I also believe the high cost of this insurance is due to inadequate maintenance by the council</p>	<p>The previous correspondence advised leaseholders of the requirement to secure insurance on an emergency basis, for the policy period 01/04/2023 - 31/03/2024. The current procurement that this Section 20 consultation forms part of, is to secure insurance on the best possible terms for inception from 01/04/2024.</p>
<p>I would like to know more about the tendering process, and whether leaseholders can see the tenders and comment on preferred bidders?</p> <p>Will vandalism or climate change be included in the specific wording of the intended perils to be insured against?</p> <p>I received a letter at the end of May regarding the building insurance for the financial year 1 April 2023 to 31 March 2024. Included in that letter was an explanation as to why the price has been increased as well as a copy of the Certificate of Insurance.</p> <p>I am a little confused and would like some clarification regarding the "Building sum</p>	<p>The current insurer details the sum insured in a different way to the previous insurers. Previously, the wording didn't state the sum insured. The wording was as follows:</p> <p><i>Sum Insured: GBP £350,000 or the sum insured, whichever is the less.</i></p> <p>The Protector policy words this section in a different way and actually specifies the sum insured which is where you see the value. This has no material difference on the cover provided between the insurers.</p> <p>The sum insured is calculated using a formula</p>

<p>insured" which can be located on page 1 of the certificate of insurance. In 2018/2019 the sum insured was £350,000 and now in 2023/2024 the building sum insured is £219,321.61 despite the cost of goods and services increasing dramatically this year. Please can you explain how this sum is calculated and confirm to me that the building is adequately insured.</p>	<p>that takes a number of factors into account - including: floors within the block the property is situated, the number of bedrooms, and the type of property (i.e. flat, maisonette etc). An inflationary uplift is applied to this figure in line with market conditions. We believe your property is adequately insured.</p>
<p>Please send all similar documentation to the XXXX (redacted) address (or to this email address, to save paper). Otherwise, I won't receive these notices.</p>	<p>Your comments have been noted, however, it is the Homeownership Services policy to send statutory consultation letters to the leasehold property addresses, as well as the correspondence addresses to ensure that a copy of the letter is received by the current leaseholder(s), in case they have moved from their correspondence address, sold the property or our system information is not up to date etc, we do this to cover all possible scenarios.</p> <p>If this situation of you not receiving statutory consultation letters at your correspondence address persists, I would advise that you contact your local postal delivery office.</p>
<p>The huge increase in the premium for the 2023 building insurance needs to be rectified. The council should consider increasing the 'excess' to ensure the building insurance stays at an affordable (pre-2023) level. The council should clarify to leaseholders whether the insurance arrangement, and the premiums incurred by the council, for council flats is the same as the insurance arrangement and premium for private leaseholders. If there is a difference in the arrangement or cost, the council should explain why this is. The council should ask insurers to explain the reasons why the premiums in this sector have increased, and share these reasons with tenants. The FAQs say 'Your charge for buildings insurance is determined by the overall cost of insuring the whole of our leasehold housing stock across the borough. It is not based on the particular condition, or repair/claims history, of any individual home or block'. In this respect: Council to explain why the cost is not determined by the overall cost of insuring leasehold and council flats. Council to explain whether issues affecting one estate, such as</p>	<p>All available options were considered when seeking cover for the 2023/24 period. The excess increased from £50 to £250 for all perils (other than subsidence and associated risks which remained at £1,000) which was the most comparable terms available to us. We are also mindful that the last available Section 20 consultation was undertaken on the proposed £50 policy excess.</p> <p>The Council procures two different building insurance policies. The Leasehold buildings insurance through Protector is a standalone product that covers the interests of those individual leaseholders. The other non-leasehold parts of the building that are the responsibility of the freeholder are insured via a separate policy, though with the same insurer.</p> <p>Terms are sought on a block (group) basis and the entire portfolio, it's profile and claims experience, is assessed by insurers when underwriting the risk. This is beneficial as to individually underwrite each property, or block would increase the administrative burden on the insurers and inflate costs.</p>

<p>cladding, affect the price of building insurance for other estates. If it does, should the price of building insurance vary depending on the estate?</p>	<p>It is worth noting however, that in rating the risks, insurers do assess key factors common within the stock - that of construction type, insulation, flood risks, etc.</p>
<p>It is noted that the policy to be entered in to is for the whole of the Hackney Housing stock and does not take in to account the condition or history of individual buildings. This presumably implies that the scale and security of individual blocks is not considered. Coming from a small block with separate cores, housing a maximum of 7 units, this seems a lower risk than larger blocks with external balcony access routes to a large numbers of units from one core. Additionally a block of only a few levels is surely lower risk than a high rise.</p> <p>How are the costs being considered so as not to penalise owners for lower condition or higher risk estates within your portfolio?</p>	<p>This is correct, terms are sought on a block (group) basis and the entire portfolio, it's profile and claims experience, is assessed by insurers when underwriting the risk. This is beneficial as to individually underwrite each property, or block would increase the administrative burden on the insurers and inflate costs.</p> <p>It is worth noting however, that in rating the risks, insurers do assess key factors common within the stock - that of construction type, insulation, flood risks, etc.</p>
<p>We write to express our concern at the recent hike in the Buildings Insurance premium to £170. Even considering the prevailing rises in insurance premiums generally, this particular amount is clearly excessive for the size/type of property in question and raises the concern that Hackney Council is not seeking a competitive market rate. It is also clear that you left it too late to properly research options so were forced to accept this exaggerated premium rather than leave the estate without cover.</p> <p>We await the outcome of your further research under regarding the QLTA and expect future premiums to be significantly lower than this year's.</p> <p>We note that the premium does not include loss through terrorism, which should be included in future.</p> <p>We are also concerned that there is a possibility you have not divided the premium correctly between leaseholders. Please confirm that private leaseholders such as ourselves (i.e. those who do not rent from the council) do not subsidise other tenants by paying a disproportionate amount. Please</p>	<p>Terrorism cover is procured under a separate arrangement with the council's main property portfolio, however we will explore all available market options.</p> <p>The Council procures two different building insurance policies. The Leasehold buildings insurance through Protector is a standalone product that covers the interests of those individual leaseholders. The other non-leasehold parts of the building that are the responsibility of the freeholder are insured via a separate policy, though with the same insurer.</p>

send us the full calculation showing how our premium was calculated.	
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