



London Borough of Hackney – Decisions taken by the Cabinet Procurement and Insourcing Committee on Monday 4 March 2024

Decisions listed below that are Key Decisions will come into force and may then be implemented on the expiry of 5 clear working days unless called-in by at least 5 non-executive members in writing and submitted to the Monitoring Officer using the form; [Executive Decision Call-in Request](#).

Date of Publication: 5 March 2024  
Last Date for Call-In: 12 March 2024

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Items considered in public

7	AHI S248 School Based Health Service for City and Hackney - Contract Award	<p><b>RESOLVED:</b> <b>That the Cabinet Procurement &amp; Insourcing Committee agrees an award of the City and Hackney School Based Health Service contract to Provider A for a period of up to five years (3+1+1) from the 1st of September 2024. The total value of the contract will be a maximum of £7,300,000 (an average of £1,460,000 per year).</b></p> <p><u>Reason(s) For Decision</u></p> <p>5.1. The SBHS is available to all children and young people aged 5-19 attending state-maintained settings in Hackney and the City of London. There are currently 58 state-maintained primary schools, 16 state-maintained secondary schools, three special schools, a state-maintained 'pupil referral unit', and one alternative provision-free school. There is currently one state-maintained primary school in the City of London.</p> <p>5.2. The SBHS was last procured in 2018. Since then, there has been a steady decline in the number of SCPHN-trained nurses, and consequently, numbers have reduced significantly. Additionally, a high proportion of nurses are nearing or close to retirement age. Alongside this decrease in the specialist workforce, there has been an increase in the demand for school nursing services, such as safeguarding services and support for CYP with SEND. A range of</p>
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		<p>factors drive this increase in demand, including the COVID-19 pandemic, a sustained period of austerity, and the current cost of living crisis.</p> <p>5.3 The number of children requiring school places in the borough and the City of London is reducing. However, the number of children attending school with potentially complex health needs is increasing. This is due to the implementation of a phased expansion of school places for children with SEND. The current service specification includes a dedicated specialist nursing service for CYP in special schools and a requirement for public health-trained nurses to support CYP's holistic and clinical needs, with SEND attending all state-maintained schools. This approach is problematic as it is inflexible to the changing needs of the children and young people within each school (which may increase or decrease over time), and it does not account for schools opening or closing. Additionally, there are concerns that children with complex health needs in special schools do not receive support from the appropriate health professional and through appropriate commissioning arrangements.</p> <p>5.4 Government guidelines for the HCP were updated in 2021. The service was redesigned to align with the most up-to-date guidelines and to be responsive to the population's health needs and the changing context described. The redesign also aims to redistribute the resources of the SBHS to enable focus on delivering universal and targeted interventions that seek to improve health and reduce health inequalities for all school-age children in maintained settings.</p> <p>5.5. The redesign of the SBHS also aims to improve communication and collaboration between the service, parents, school personnel and school-age children. Digitising elements of service delivery and streamlining processes will increase contact and provide additional opportunities for preventative and health-promoting interventions, enabling public health nurses to identify needs early and influence behaviour change. The changes to be introduced with the new service design will also aim to reduce the burden on schools when sharing or receiving information, improve efficiency, and reduce risk.</p>

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		<p>5.6. Finally, the redesigned SBHS will be configured at the neighbourhood level, aligning the SBHS with the recently procured Enhanced Health Visiting Service and improving the handover between services. Health Visitors are responsible for leading the 0-5 element of the HCP. Alignment at the neighbourhood level will also seek to improve the interface between school nursing and primary care.</p> <p><u>Alternative Options (Considered and Rejected)</u></p> <p>6.1. <b>Option 1:</b> Do Nothing.</p> <p>6.1.1 The current contract ends on 31 August 2024. Under the terms of the Health and Social Care Act 2012, upper-tier local authorities are responsible for improving the health of their local population. Local authorities are also mandated to deliver the surveillance elements of the National Child Weight Measurement Programme (NCMP).</p> <p>6.1.2 While the termination of the service would provide savings to the Council, not procuring an SBHS would mean the local authorities would fail in the legal duty under the Children and Families Act 2014 to support schools to ensure they look after children with medical conditions. Overall, this option would put the health of children and young people in Hackney and the City of London at risk and would likely result in a widening of health inequalities for the 5-19 population.</p> <p>6.2. <b>Option 2:</b> Reprocure the service based on the current service model.</p> <p>6.2.1 The current service model is unsustainable due to changes since the service was procured in 2018; this includes increased demand for safeguarding, an expansion of school places in Hackney for children with SEND, and an overall reduction in the availability of qualified public health nurses.</p>

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		<p>6.21 The commissioning guidelines are clear that responsibility for the funding of health services for children with the most complex needs should be NHS funded. Reprocurring the service on the current model is likely to result in SCPHN nurses continuing to deliver nursing services outside of the scope of the HCP and reduce the capacity of the service to focus on other important aspects of public health nursing, such as working preventatively and in partnership to address health inequalities for all children aged 5-19.</p> <p>6.2.3 Redesigning the model also requires that the systems and processes for delivery are reviewed and modernised to reduce risk and optimise service delivery whilst improving patient safety.</p> <p>6.3. <b>Option 3:</b> Recommission a new School-Based Health Service based on a new service model and specification and maintain the current budget for the service.</p> <p>6.3.1 The guidelines for procuring the 0-19 HCP were updated in 2021. Therefore, the new service model and specification have been updated to reflect the renewed commissioning guidance. The revised model will also provide opportunities for innovation and digitisation of service elements to derive efficiencies and increase safety.</p> <p>6.3.2 The new service model and specification ensure that the health needs of children with complex medical conditions are met by the appropriate health professional and that the commissioning arrangements align with recommended guidelines.</p> <p>6.3.3 The revised model will position the SBHS as leaders of the HCP and ensure a greater emphasis on health promotion and preventative activities to support the health of all children, taking a proportionate universalism approach across the social gradient to reduce health inequalities.</p> <p>6.3.4 The new service model will continue to support the local authorities and local schools to</p>

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		<p>meet statutory duties through improved delivery systems, including ‘supporting children at school with medical needs’ and the ‘NCMP’.</p> <p><b>6.4. Option 4:</b> Insourcing the School-Based Health Service based on a new service model and specification and maintain the current budget for the service.</p> <p>6.4.1 As described in the insourcing/outsourcing options appraisal (Exempt Appendix 4) attached to the HPB business case for this service, there are several reasons why the decision to insource was rejected.</p> <p>6.4.2 The SBHS is a clinical service led by special community public health nurses. The nurses are registered with the Nursing and Midwifery Council and must fulfil the legal and professional requirements for registration and validation. The service provider must have the policies and procedures in place to ensure adherence to clinical standards and appropriate and effective clinical supervision of staff. A health provider has the structures in place to ensure that services are delivered per clinical standards and that the workforce is supervised appropriately in line with the NMC code of practice. Establishing a similar management structure in the local authority for a nurse-led clinical service will likely incur additional costs from within the existing budget, resulting in reduced funding to deliver frontline nursing services in schools.</p> <p>6.4.3 Insourcing the service will also require investment in a suitable ‘patient record system’ or ‘database’, such as Rio for case management and related software, and systems to deliver service elements such as the National Child Weight Measurement Programme. The costs associated with a patient record system alone were shared in the business case and relate to both the startup and ongoing costs incurred for service and maintenance.</p> <p>6.4.4 The small number of boroughs that have insourced their school nursing service have reported a high dependency on bank staff, which are more expensive. Insourcing the service could, therefore, mean that the local authority would incur additional costs associated with a</p>

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		<p>high dependency on bank staff. There is currently a national shortage of qualified SCPHN nurses in the country, impacting the recruitment and retention of qualified nurses. Competition for the nursing workforce in London is high, with boroughs competing for the same pool of qualified registered nursing staff. SCPHN nurses are predominantly employed in the NHS and receive their salaries, including pension and benefits, through Agenda for Change (AfC). Qualified nurses have a choice of providers to work for in London; additional incentives, such as higher wages, encourage staff to move away from the terms and conditions afforded by AfC, including continuous service. In addition, the local authority must meet the incremental uplift for AfC when a service is insourced.</p> <p>6.4.5 There are also risks directly related to insourcing the service, including the impact that insourcing will have on the delivery of statutory aspects of the service, such as the surveillance element of the NCMP, an annual process commencing at the start of the school year. Elements of the SBHS structure, including the multi-agency safeguarding hub (MASH), will continue to be located within the structures of the local health provider. Insourcing the service is likely to disrupt safeguarding, which relies on effective collaboration and handover between a wide range of partners in health and social care, including the Health Visitors delivering the 0-5 element of the HCP.</p> <p>6.4.6 As described in the insourcing/outsourcing options appraisal, aspects of the service are already insourced. Public Health, via a service level agreement funds Young Hackney to deliver the Health and Wellbeing service. This service aims to support schools in meeting statutory duties to deliver Relationship and Sex Education (RSE) education alongside Personal Social Health and Economic (PSHE) education in schools. Supporting schools with the delivery of health education is a key requirement of the HCP. Young Hackney youth services were considered to have the more appropriate personnel to relate to children, particularly teenagers, to deliver training and education on health and wellbeing, with the school nurses focused on delivering clinical services. The new contract will strengthen the relationship between school nurses and Young Hackney.</p>

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		<p>6.4.7 Any procurement must factor in the lead times required to explore the evidence of safe and effective models of insourced services, including identifying suitable resources, management structures and systems to enable the delivery of an in-house school-based health service in the future.</p>
<p><b>8</b></p>	<p>CHE S306 Procurement of a Design and Build Contractor for the Development of Mixed Tenure Housing at Frampton Park Estate, E9</p>	<p><b>RESOLVED:</b></p> <p><b>1. Agree to the use of a two-stage tender with a Pre-Construction Services Agreement (PCSA) via the Find a Tender Restricted Procedure, for the selection of a main contractor to deliver a mixed housing development of up to 55 new homes on the Frampton Park Estate.</b></p> <p><b>2. Delegate authority to the Group Director, Climate Homes and Economy, in consultation with the Group Director of Finance and the Director of Legal, Democratic and Electoral Services to:</b></p> <p><b>a) Enter a Pre-Construction Services Agreement (PCSA), which may include but is not limited to work relating to design, value engineering, surveys, utilities, demolition and enabling works.</b></p> <p><b>b) Enter a main building contract and if appropriate any preceding or parallel demolition or enabling works contract with the preferred contractor or one or more suitable specialist early works contractors, upon satisfactory completion of the PreConstruction Services Agreement (PCSA stage).</b></p> <p><b>c) Should a position representing acceptable performance and/or value for money not be reached by the preferred contractor at any point during or upon conclusion of the Pre Construction Services Agreement (PCSA) stage, to enter into the contracts described at</b></p>

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		<p><b>(a) and (b) above, as appropriate, with the reserve bidder appointed during the first stage of the two stage tender.</b></p> <p><u>Reason(s) For Decisions</u></p> <p>Overview of the Frampton Park Estate project</p> <p>5.1 The Frampton Park project is a mixed tenure housing development that forms part of the Housing Supply Programme. It is located in the Victoria Ward in the London Borough of Hackney. This report outlines the proposed process for procuring a principal build contractor to deliver this new housing, along with associated landscaping and public realm works.</p> <p>5.2 The Council was granted planning permission in June 2022 for the delivery of new homes on two sites. The Frampton Park Community Hall site constitutes Phase 1 of the redevelopment, with the Tradescant House Garages site constituting Phase 2. The locations are shown on the plan below, with the Phase 1 site in green and the Phase 2 site in yellow.</p> <p>5.3 The Frampton Park Community Hall site is located above an existing residential block known as Woolridge Way, and is bounded to the west by Petiver Close and to the east by Well Street. It currently comprises a community hall, garage block and Council cleaning depot. The Council has planning permission to deliver 51 new, mixed tenure homes on this site.</p> <p>5.4 The Tradescant House Garages site is located further to the east, along the unnamed estate road that joins the two sites. This site includes a disused underground parking structure and garages as well as the undercroft of Tradescant House. The Council has planning permission to deliver 18 new homes on this site: five Hidden Homes for social rent within the undercroft of Tradescant House and 13 homes for outright sale in the Bookend Building to be appended to the side of the existing Tullis House.</p>



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		<p>5.5 When the scheme previously went to CPIC in July 2021, the complexity of Phase 2 was such that it made the cost of the scheme unviable. Nevertheless, it was agreed that the scheme would go out to tender as a single stage procurement, using the Find a Tender Competitive Procedure with Negotiation, to test the market, with the view that additional value engineering could be undertaken if required. However, tender returns subsequently received for other Hackney housing schemes later that year came in significantly over budget and in early 2022, the procurement of a contractor to build the new homes on Frampton Park was put on hold while options to improve the financial viability of the scheme were explored.</p> <p>5.6 A significant amount of work has taken place over the past two years to improve the financial viability of the scheme. In October 2022, AECOM were appointed to review the scheme and their final report in March 2023 made a number of recommendations to secure design efficiencies and reduce costs.</p> <p>5.7 For Phase 1 (Atrium Building), these included recommendations relating to staircase design, facade detailing and curved balustrading, as well as the size of the atrium space and units, which were generally oversized compared to London Plan requirements.</p> <p>5.8 For Phase 2, it was noted that the Bookend Building is less efficient in its layout than the Atrium Building. In addition, the footprint of the building is too small to accommodate the revised fire safety requirements. It was therefore agreed with the Assistant Director of Housing Regeneration and Delivery that Phase 2 would be put on hold, enabling a focus on delivering Phase 1, and achieving approval to proceed with Phase 1 via internal Gateway processes and CPIC.</p> <p>5.9 East Architects were therefore instructed to explore how the original design of the Atrium Building could be adapted to meet new regulatory requirements and to propose design amendments to improve the viability of the project. The build costs and valuations relating to each proposed design were updated, taking into account predicted interest rates, sales price</p>

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		<p>forecasts and tender/build cost inflation forecasts. This approach, including the current focus on Phase 1, was ratified at the internal Gateway 2A meeting for the scheme in January 2024.</p> <p>5.10 The proposed option takes into account enhanced regulatory requirements around building safety, by incorporating two lifts and two staircases to all floors within the design. It proposes amending the atrium space within the Atrium Building to a ‘stretched lozenge’ shape, which rationalises the atrium shape, increasing its size and making the flat layouts more efficient, thereby improving the financial viability. A proposed additional floor section at fourth floor level allows the incorporation of four additional homes, with an updated, planning compliant tender mix. It is proposed that additional design updates to allow the scheme to be resubmitted to Planning will be included within the requirements of the Pre Construction Services Agreement.</p> <p>5.11 The estimated costs for the construction of this option have been provided by AECOM and can be found in Exempt Appendix 1 under Option 2B.</p> <p>5.12 The Council will meet the full development costs of the scheme and act as developer for the social rent, shared ownership and outright sale homes. Further design work will be required under a Pre Construction Services Agreement (PCSA) to further develop the Phase 1 scheme to respond to updated regulatory requirements and to secure further savings through value engineering.</p> <p>5.13 This report seeks agreement from CPIC to commence the procurement of a main build contractor for this scheme, via a two stage procurement process with a Pre Construction Services Agreement (PCSA). The form of contract for the PCSA will be the Joint Contracts Tribunal (JCT) Preconstruction Services Agreement (General Contractor) 2016 with London Borough of Hackney amendments. The form of contract for the main build works will be a Joint Contracts Tribunal (JCT) Design and Build Contract 2016 with London Borough of Hackney amendments. The details of the procurement process are set out in 5.21-5.27.</p>

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		<p>5.14 The outsourcing route is recommended because the Council does not have the ability to carry out works to build new homes in house.</p> <p><u>Alternative Options (Considered and Rejected)</u></p> <p>5.31 As noted in 5.22, the pre-tender estimate for the Phase 1 works is above the UK Public Procurement Threshold for Works of £5,372,609 and is subject to the Public Contracts Regulations 2015. This means that the opportunity must be advertised on Find a Tender or procured from a suitable framework contract.</p> <p>5.32 The option to procure a contractor via a single stage route has been considered and rejected. The single stage route is considered unsuitable due to the additional design work needed to bring the scheme up to current regulatory standards and the value engineering required to bring the scheme to a financially viable position. The two stage process allows the Council to benefit from contractor buildability knowledge and access to supply chains during the PCSA period, giving greater cost certainty at the end of the PCSA period.</p> <p>5.33 The option to procure a contractor via a framework has been considered and rejected, because the use of a framework reduces competition, limiting the pool of potential contractors to which the Council has access. It also presents a risk of receiving insufficient bids for the scheme.</p> <p>5.34 The following procedures available via Find a Tender have also been considered and rejected:</p> <ul style="list-style-type: none"> <li>• <b>Open Procedure:</b> The Invitation to Tender issued and any supplier may submit a tender. This is not considered suitable for the Frampton Park scheme. It may result in the Council receiving a large number of tenders, lengthening the assessment process</li> </ul>

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		<p>without adding value. Conversely, this approach may put off some contractors who would otherwise bid for the scheme, as soft market testing has indicated that contractors tend to prefer to be part of a smaller bidding pool.</p> <ul style="list-style-type: none"> <li>• <b>Competitive Dialogue Procedure:</b> Any supplier may submit a request to participate by providing the information for qualitative selection. Following assessment, suppliers invited may participate in the dialogue and final tenders are invited once the dialogue process is complete. This is generally used where a client cannot specify their requirements or cannot assess without dialogue what the market can offer in terms of technical, financial or legal solutions. This is not appropriate to the Frampton Park scheme as it is not a complicated scheme and the design updates and value engineering will be covered within the Pre Construction Services Agreement.</li> <li>• <b>Competitive Procedure with Negotiation:</b> Any supplier may submit a request to participate by providing the information for qualitative selection. Following assessment, invited suppliers may submit an initial tender which shall be the basis for the subsequent negotiations. The Council will negotiate with tenderers the initial and all subsequent tenders submitted by them, except for the final 11 tender, to improve their content. This can be a time-consuming process and it is not considered necessary for the Frampton Park scheme.</li> </ul> <p>5.35 The option to not appoint a reserve bidder has been considered and rejected, as having a reserve bidder enables the Council to retain some competitive tension with the preferred bidder; and, provides a procurement-compliant alternative to the preferred bidder in the event that the design/price is not in line with the Council’s budget and expectations for the project.</p>
9	CHE S307 Procurement of a Design and Build Contractor for the Development of Affordable Housing at	<p><b>RESOLVED:</b></p> <p><b>1. Agree to the procurement of a two-stage design and build contract with a Pre-</b></p>

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	Pedro Street E5	<p><b>Construction Services Agreement (PCSA) via the Find a Tender service using a Restricted Procedure, for the selection of a main contractor to deliver a housing regeneration scheme of up to 26 new homes in the Kings Park Ward. The exact number of homes to be delivered may change as a result of the design development exercise.</b></p> <p><b>2. Delegate authority to the Group Director - Climate, Homes and Economy, in consultation with the Group Director of Finance and the Director of Legal, Democratic and Electoral Services to:</b></p> <p><b>a) Enter a Pre Construction Services Agreement (PCSA), which may include but is not limited to work relating to design, value engineering, surveys, utilities, demolition and enabling works.</b></p> <p><b>b) Enter a main building contract and if appropriate any preceding or parallel demolition or enabling works contract with the preferred contractor or one or more suitable specialist early works contractors, upon satisfactory completion of the Pre Construction Services Agreement (PCSA stage), or equally;</b></p> <p><b>c) Should a position representing acceptable performance and/or value for money not be reached with the preferred contractor at any point during or upon conclusion of the Pre Construction Services Agreement (PCSA) stage, to enter into the contracts described at (a) and (b) above, as appropriate, with the reserve bidder appointed during the first stage of the two stage tender.</b></p> <p><u>Reason(s) For Decision</u></p> <p>5.1 The Pedro Street site is within the Clapton Park Estate, at the junction of Pedro Street and Rushmore Road. This was the site of an estate boiler house, which was decommissioned over 30 years ago. Pedro Street is one of a number of sites that form the Housing Supply</p>

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		<p>Programme (HSP) within the Housing Regeneration and Delivery (HR&amp;D) service. The programme is currently building new homes across the borough on underused brownfield land within existing housing estates.</p> <p>5.2 In approving the programme, Cabinet agreed to a ‘portfolio’ as opposed to a site-by-site approach to financial viability and planning compliance. This approach enables the Council to combine the development of schemes which require a net investment with those that have the potential to generate a surplus. The new affordable homes at Pedro Street will contribute to the Council’s target to build over 3,000 new homes for social rent, shared ownership and outright sale. The cost of these affordable homes will be subsidised by homes for outright sale on other sites within the HSP. This portfolio approach to tenure across the programme has been approved by the Local Planning Authority via an overarching Unilateral Undertaking for the programme.</p> <p>5.3 The original Pedro Street project, designed by Ash Sakula Architects, comprised 26 new homes; 13 homes for social rent and 13 for shared ownership. The project team secured planning permission (Planning Reference: 2017/3512) in 2017 and a Unilateral Undertaking was signed in August 2018. The scheme is 100% affordable, and as such Pedro Street has always been a ‘deficit’ scheme, requiring cross-subsidy from other schemes within the programme.</p> <p>5.4 The previous contractor, Engie, was selected via a Negotiated Process without Prior Publication using a Framework. This method was recommended at the time for obtaining the best value in terms of both price and quality. However, only two bids were received and both exceeded the Council's pre-tender estimate. Engie were selected after a Negotiated Procedure.</p> <p>5.5 In order to satisfy pre-commencement Planning Conditions, soil testing was carried out on site in July 2020 by Engie’s sub contractor. Site investigations discovered fuel oil contamination</p>

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		<p>in connection with the former boiler house across the site at levels that were higher than the pre-contract testing had indicated. Due to the delays caused by the contamination, the works associated with decontaminating the site and monitoring ground conditions thereafter, it was mutually agreed to terminate the contract with Engie.</p> <p>5.6 Subsequent viability modelling has shown that the cost of delivering the scheme had increased significantly as a result of the significant construction cost inflation experienced over the last few years. Furthermore, Building Regulations have changed and the planning approved scheme is no longer compliant. Under the Building Safety Act 2022 (BSA), Pedro Street, as currently designed, is classified as a high risk building in that it is over seven storeys and 18m in height. In order to adhere to the new regulations the consented building would require a second staircase. This would have an adverse impact on the viability of the project as adding a second staircase would lead to a loss of habitable floor space, and increase construction costs. Furthermore, the new Building Safety Regulator (BSR) Gateways 2 and 3 would have a programme impact, potentially of several months.</p> <p>5.7 The results of the monitoring of ground conditions since the completion of the decontamination works have shown that works have been successful and the site has been certified to be in a suitable condition to progress to the development phase. During this period a significant amount of work has taken place to improve the financial viability of the scheme.</p> <p>5.8 The project team tested various options including: building a larger scheme; replacing the apartment building with a low rise scheme of 8 houses; and changing the tenure mix of some affordable homes into outright sale. The greatest challenge to viability was the need to adhere to the BSA. Early discussions with contractors and architects affirmed the viability challenges of delivering residential buildings above 18m, especially when the costs can not be mitigated by selling more homes, as is the case with a 100% affordable housing scheme such as Pedro Street. As a result, it is proposed that as part of the redesign work to be done via a two stage tender, a design which reduces the building to below 18m is explored, therefore taking it out of</p>

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		<p>the BSA designated “high risk” category. This will result in a loss of a small number of units (likely to be four) but will enhance the deliverability of the scheme, by reducing build costs overall, and has improved programme implications, compared with taking forward a building in the “high risk” category (over 18 metres).</p> <p>5.9 Results from soft market testing with a number of contractors and an architect have confirmed the preferred approach to tender the scheme via a two-stage procurement with a Pre Construction Services Agreement (PCSA). This approach will enable the scheme to be designed in collaboration with a contractor, in order to bring forward a scheme which is compliant with the regulatory changes that have come into force (or are emerging) since the scheme’s planning was approved; whilst also unlocking cost savings during the design phase; and improving the buildability of the scheme.</p> <p>5.10 This report therefore seeks agreement from CPIC to commence the procurement of a main build contractor for this scheme, via a two stage procurement process with a PCSA. The form of contract for the PCSA will be the Joint Contracts Tribunal (JCT) Preconstruction Services Agreement (General Contractor) 2016 with London Borough of Hackney amendments. The form of contract for the main build works will be a Joint Contracts Tribunal (JCT) Design and Build Contract 2016 with London Borough of Hackney amendments. The details of the procurement process are set out in 5.18.</p> <p>5.11 The Council will meet the full development costs of the scheme and act as developer for the social rent, and shared ownership homes. The outsourcing route is recommended because the Council does not have the ability to carry out works to build new homes in-house.</p> <p>5.12 The estimated costs for the construction of the outlined option have been provided by Potter Raper and can be found in exempt Appendix 1.</p> <p><u>Alternative Options (Considered and Rejected)</u></p>



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		<p>5.28 As noted in 5.19, the pre-tender estimate for the works is above the UK Public Procurement Threshold for Works of £5,372,609 and is subject to the Public Contracts Regulations 2015. This means that the opportunity must be advertised on Find a Tender or procured from a suitable framework agreement.</p> <p>5.29 The option to procure a contractor via a single stage route has been considered and rejected. The single stage route is considered unsuitable due to the additional design work needed to bring the scheme up to current regulatory standards, and the value engineering required to bring the scheme to a financially viable position. The two stage process allows the Council to benefit from contractor buildability knowledge and access to supply chains during the PCSA period, giving greater cost certainty at the end of the PCSA period.</p> <p>5.30 The option to procure a contractor via a framework has been considered and rejected, because the use of a framework reduces competition, limiting the pool of potential contractors to which the Council has access. It also presents a risk of receiving insufficient bids for the scheme. This was evident in the previous main contractor procurement, which only secured two bids.</p> <p>5.31 The following procedures available via Find a Tender have also been considered and rejected:</p> <ul style="list-style-type: none"> <li>• <b>Open Procedure:</b> The Invitation to Tender issued and any supplier may submit a tender. This is not considered suitable for the Pedro Street scheme. It may result in the Council receiving a large number of tenders, lengthening the assessment process without adding value. Conversely, this approach may put off some contractors who would otherwise bid for the scheme, as soft market testing has indicated that contractors tend to prefer to be part of a smaller bidding pool.</li> <li>• <b>Competitive Dialogue Procedure:</b> Any supplier may submit a request to participate</li> </ul>

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		<p>by providing the information for qualitative selection. Following assessment, suppliers invited may participate in the dialogue and final tenders are invited once the dialogue process is complete. This is generally used where a client cannot specify their requirements or cannot assess without dialogue what the market can offer in terms of technical, financial or legal solutions. This is not appropriate to the Pedro Street scheme as it is not a complicated scheme and the design updates and value engineering will be covered within the Pre Construction Services Agreement.</p> <ul style="list-style-type: none"> <li>• <b>Competitive Procedure with Negotiation:</b> Any supplier may submit a request to participate by providing the information for qualitative selection. Following assessment, invited suppliers may submit an initial tender which shall be the basis for the subsequent negotiations. The Council will negotiate with tenderers the initial and all subsequent tenders submitted by them, except for the final tender, to improve their content. This can be a time-consuming process and it is not considered necessary for the Pedro Street scheme.</li> </ul> <p>5.32 The option to not appoint a reserve bidder has been considered and rejected, as having a reserve bidder enables the Council to retain some competitive tension with the preferred bidder; and, provides a procurement-compliant alternative to the preferred bidder in the event that the design/price is not in line with the Council's budget and expectations for the project.</p>
10	CHE S314 General Buildings Contract 1 for Area Surveying Managers (ASM) (General Exception)	<p><b>RESOLVED:</b></p> <p>a) approve the award of Contract 1A for General Building Works - Area Surveying Managers, to Bidder A for an initial term of four (4) years General Buildings Contract 1 for Area Surveying Managers (ASM) - Award Report Page 128 with the option to extend for two (2) years and a further option to extend for an additional two (2) years.</p> <p>b) approve the award of Contract 1B for General Building Works - Area Surveying Managers, to Bidder B for an initial term of four (4) years with the option to extend for two (2) years and a further option to extend for an additional two (2) years.</p>

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		<p><u>Reason(s) For Decision</u></p> <p>5.1 This report outlines the process that has been followed to identify preferred contractors for the General Building Contract 1.</p> <p>5.2 The business case for CPIC was written due to the incumbent contractor failing to deliver general building works satisfactorily across building maintenance.</p> <p>5.3 The approach taken is to appoint 4 different contractors; two contractors on General Building Contract 1 and two contractors on General Building Contract 2. This award report is for General Building Contract 1 only. This will provide the contingency of having more than one contractor in the case of one failing. Also, with more than one contractor servicing the contract, it allowed for increased competition during the tendering process. This ensures that London Borough of Hackney received bids taking into account value for money in relation to cost, quality of works/ delivery and sustainability.</p> <p>5.4 The principle works which fall under this commission include but are not limited to:</p> <ul style="list-style-type: none"> <li>• Reactive Repairs</li> <li>• Voids</li> <li>• Legal Disrepair</li> <li>• Electrical works &amp; scaffolding in association with above.</li> </ul> <p>5.5 The contract duration is four years, with the option to extend twice by two yearly increments, totalling eight years. The combined contract value per year is approximately £6M, totalling £48M over the 8 year duration.</p> <p>5.6 This contract is split into two, Contract 1A and Contract 1B. Contract 1A comprises approximately £3.6M per year with 60% of the works allocation. Contract 1B comprises</p>

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		<p>approximately £2.4M per year with 40% of the works allocation. The allocation corresponds to a borough wide split between North and South of Hackney.</p> <p>5.7 A separate tender exercise is being conducted for the general building contractor 2 to undertake works in support of the Direct Labour Organisation (DLO).</p> <p>5.8 It is proposed that the Council will enter into a JCT Measured Term Contract 2016 with Hackney Council amendments utilising the National Housing Federation (NHF) v7.2 Schedule of Rates. Supporting documents will include the Council requirements, preliminaries and specification. This is proposed for Bidder A and Bidder B.</p> <p>5.9 Core requirements in accordance with the Council's goals in relation to sustainability and social value have been included in depth within the quality section of the procurement. This is to support the Council's target of reaching net zero, ensuring all the bidders offer the London living wage to all employees and provide opportunities for individuals within the borough. More information is available in Section 8.</p> <p><u>Alternative Options (Considered and Rejected)</u></p> <p><b>5.11 Extend Current Arrangements:</b> (Rejected) Continue with the current arrangement of using a specialist contractor engaged through other contract mechanisms such as a Single Tender Award.</p> <p>This would delay repairs due to the complexity of the arrangements and would result in the Council's client team having to coordinate the management of multiple contractors, increasing administration time and costs.</p> <p>In addition there have been service issues with these types of arrangements and It will not resolve the quality of the repair service currently being experienced by this arrangement.</p>

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		<p>5.12 <b>Do nothing:</b> (Rejected)                      Doing nothing will result in the Council declining those works requiring external contractor support. This would compromise the Council’s position as a Public Sector landlord and therefore its duties as defined under section 96 of the Housing Act 1985. The aim of the Council is to provide accommodation which the residents are proud of. Doing nothing will negatively impact the quality of the facilities throughout homes across the borough.</p> <p>5.13 <b>Insourcing</b> (Rejected)                      The DLO is currently not resourced to deliver the quantum and sophistication of works that would be allocated to the General Building Contractors - scope of services and works. Developing the required capacity would take a considerable amount of time and effort and is not the subject of this proposal.</p> <p>External contracts are required to support the in-house service to deliver effective housing repairs. This is in line with the insourcing strategy already implemented.</p> <p>This procurement will enable us to appoint 4 contractors against the two packages; 2 contractors for the Area Surveyor Managers and 2 contractors for the Direct Labour Organisation to ensure that there is sufficient capacity and capability whilst the in house service continues to grow. Failure to have the contracts in place would result in poor services for residents.</p>
11	F S298 e5 Cedar Financial System Reprocurement	<p><b>RESOLVED:</b></p> <p><b>To authorise the award of a 5 year contract with a total value of £2,746,129 for the provision of hosting and maintenance of the e5 financial system and associated applications and services via the Crown Commercial Services framework RM6194.</b></p>

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		<p><u>Reason(s) For Decision</u></p> <p>5.1 The Council uses the e5 platform (known locally as Cedar) and its associated applications as its core Financial System. The applications provide the basis for ensuring accurate budget monitoring, prompt collection of sundry income, payment of suppliers and correct accounting processes. It is important that we have the right systems and robust support services in place to ensure continuous reliability and availability to meet the Council’s needs and also to plan for future growth and development of the system.</p> <p>5.2 The current contract for the hosting and management of the e5 application and associated functions with the Incumbent supplier expires on 31 March 2024. There is no provision for an extension of the current contract and therefore a new contract is required to ensure continuity of service of the financial system and associate functions.</p> <p>5.3 The Council has used various versions of the e5 platform which has been extensively developed by the vendor both in terms of functionality and underlying technology. Hackney has made a significant financial and resource investment to ensure the application delivers on our core needs and priorities. During the current contract we have upgraded to version 5.6 which gives us the ability to access the system securely over the internet and removes the reliance on the Hackney infrastructure. We have implemented Version 1 software that integrates with e5 to view embedded pdf versions of all documents produced by the system e.g. PO’s, Invoices, remittances and statements. This has enabled users to directly access these documents from within the e5 system, whereas previously they used a convoluted process that would take a few days to deliver the documents. In addition, Fiscal was also deployed as a forensic / antifraud detection tool. This benefits the Council by detecting duplicate payments made to suppliers and any potential fraudulent payments in the system. By working with the software vendor we have helped them further develop the application, and many of the enhancements that were originally bespoke to Hackney have now become part of the core product.</p>

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		<p>5.4 e5 has proved to be resilient and reliable both in terms of its data integrity and system availability which is currently at 99.7%.</p> <p>5.5 In 2020 the Council contracted to migrate from another hosting provider (Daisy) to the Incumbent supplier and also to upgrade the e5 platform to the latest version. The migration from Daisy to the Incumbent supplier was based on financial savings of circa £1M. The upgrade was delayed due to the Covid19 pandemic and the Cyber Attack, and went live with the Incumbent supplier in 2021. The benefits of this investment have only been realised over the last two years and they would continue to be realised in the new contract.</p> <p>5.6 During the current contract we have benefited by moving to an internet facing solution in line with the Council's web first strategy. This has reduced the previous reliance and associated costs of using the separate AWS Appstream service (which provides a virtualised Windows application environment and attracts additional separate costs) for users to access the application. During the course of the new contract there will be an opportunity to explore moving to the supplier's Software as a Service (SaaS) solution of the e5 platform. This would further follow the Council's web first strategy with SaaS solutions being the preferred option. It also allows for incremental product enhancements which are deployed seamlessly. As the supplier's SaaS solution is based on the e5 platform we would benefit from minimal disruption to users with no requirement for major process changes or training.</p> <p>5.7 If during the term of the contract the opportunity to upgrade the software and/or a move to the supplier's SaaS version of the platform becomes an option, it will be evaluated and may become a contract variation that will be subject to the appropriate governance.</p> <p>5.8 The e5 platform delivers all of the Council's core requirements for a financial system, however it is recognised that periodic reviews of those requirements and market testing of available alternatives are required.</p>

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		<p>5.9 During the course of the current contract there was an intention to carry out user research and a discovery exercise to determine the future requirements for the financial system. This was put on hold due to the Covid 19 pandemic and Cyber Attack which diverted resources to other priorities.</p> <p>5.10 We have carried out some soft market research to support this procurement. This included:</p> <ul style="list-style-type: none"> <li>• One local government organisation who were required to change their financial system due to it reaching end of life (no longer being supported). This authority carried out a full tender exercise which received tender submissions from nine suppliers. The authority weighted quality and cost as a 50% split and the e5 platform came in first place for both quality and cost and was selected by the organisation. Their procurement process has taken over 18 months and the implementation is about to start.</li> <li>• Another London Borough moved to the e5 platform from Oracle having carried out a similar tender exercise which compared full enterprise solutions (ERP comprising HR/Payroll and Finance) with 'best of breed' solutions (separate systems which specialise in the relevant service processes), and chose the e5 platform as 'best of breed' for Finance.</li> </ul> <p>5.11 Whilst direct comparisons are difficult, this soft research shows that the e5 platform has been a positive choice for similar organisations who have carried out competitive tendering. This reinforces our belief that the e5 platform continues to offer value for money for Hackney and will continue to be developed and meet our needs for the next 5 years.</p> <p>5.12 Market research and past experience shows that it could take upward of 3 years to carry out a discovery, proceed with a full tender exercise and then implement a new system if required. Therefore there was not enough time to complete this within the current contract. Any</p>



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		<p>attempt to rush through a review that resulted in a change of platform could have resulted in significant risk to the Council of not completing the implementation in time. In addition, the migration and implementation costs are estimated to be in excess of £2M, which will need to be budgeted for as part of the Council's financial planning.</p> <p>5.13 It is envisioned that during the course of the new 5 year contract a full discovery will take place within the first two years of the contract, allowing time to review options and, if required, carry out a tender exercise and implementation process if a new system is preferred. An indicative timetable for a future discovery, procurement and implementation is detailed in the table below</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th align="left">Proposed activity</th> <th align="left">Estimated delivery date</th> </tr> </thead> <tbody> <tr> <td>Agree action plan with terms of reference for discovery and market exploration</td> <td>September 2024</td> </tr> <tr> <td>Carry out discovery - including identifying and mapping current and future user and service requirements</td> <td>May 2025</td> </tr> <tr> <td>Map discovery outcomes to current and alternative systems and providers and undertake market research</td> <td>Jan 2026</td> </tr> <tr> <td>Decision point on future procurement route</td> <td>Mar 2026</td> </tr> <tr> <td>Procurement process as required (Tender, framework call off, etc, including governance)</td> <td>Mar 2027</td> </tr> <tr> <td>If required implementation of new contract deliverables</td> <td>Jan 2029</td> </tr> </tbody> </table>	Proposed activity	Estimated delivery date	Agree action plan with terms of reference for discovery and market exploration	September 2024	Carry out discovery - including identifying and mapping current and future user and service requirements	May 2025	Map discovery outcomes to current and alternative systems and providers and undertake market research	Jan 2026	Decision point on future procurement route	Mar 2026	Procurement process as required (Tender, framework call off, etc, including governance)	Mar 2027	If required implementation of new contract deliverables	Jan 2029
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		5.19 Currently, there is no alternative managed service provider other than Supplier 'A' who are offering to host and manage the e5 application.