

UNRESTRICTED MINUTES OF A MEETING OF THE CABINET PROCUREMENT COMMITTEE

TUESDAY, 11TH JUNE, 2019

Chair	Councillor Rebecca Rennison in the Chair
Councillors Present:	Councillors Deputy Mayor Anntoinette Bramble, Cllr Caroline Selman and Cllr Jon Burke
Apologies:	Nil
Officers in Attendance	Mr Rotimi Ajilore – Head of Procurement Mr Anjam Ali - Director of Housing Services, Neighbourhoods and Housing Ms Clare Brennan – Category Lead Contracts and Environment Ms Zainab Jalal – Category Lead Social Care Ms Susan Carran - Category Lead (Corporate Services), Finance & Corporate Resources Mr Patrick Rodger – Senior Lawyer – Procurement Ms Irina Mot - Neighbourhoods and Housing Mr Clifford Hart – Governance Services Officer

**1 RATIFICATION OF THE APPOINTMENT OF THE CHAIR OF THE CABINET
PROCUREMENT COMMITTEE FOR THE MUNICIPAL YEAR 2019/20**

The Clerk to the Committee – Clifford Hart advised the meeting that as this was the first meeting of the Cabinet Procurement Committee for the Municipal Year 2019/20 he sought from Members present the proposed chairship of the Committee for the Municipal year 2019/20, as recommended at the Council annual general meeting on 22 May 2019.

Deputy Mayor Bramble nominated Councillor Rennison as Chair of the Cabinet Procurement Committee for the Municipal Year 2019/20.

There being no other nominations it was:

RESOLVED

that Cllr Rebecca Rennison be appointed Chair of the Cabinet Procurement Committee for the municipal year 2019-20.

2 APOLOGIES FOR ABSENCE

There were no apologies for absence.

NOTED

3 URGENT BUSINESS

There were no items of urgent business.

NOTED

4 DECLARATIONS OF INTEREST - Members to declare as appropriate

There were no declarations of interests.

NOTED

5 NOTICE OF INTENTION TO CONDUCT BUSINESS IN PRIVATE, ANY REPRESENTATION RECEIVED AND THE RESPONSE TO ANY SUCH REPRESENTATIONS

There were no representations received.

NOTED

6 DEPUTATIONS/PETITIONS AND QUESTIONS

There were no deputations/petitions or questions.

NOTED

7 UNRESTRICTED MINUTES OF THE PREVIOUS MEETING OF CABINET PROCUREMENT COMMITTEE HELD ON 8 APRIL 2019

RESOLVED

That the unrestricted minutes of the Cabinet Procurement Committee held on 8 April 2019 be confirmed as an accurate record of the proceedings.

8 CONSTRUCTION CONTRACTS FOR PLANNED CAPITAL WORKS TO HACKNEY COUNCIL HOUSING - KEY DECISION NO. NH P78

The Chair asked for an introduction of the report.

The Director of Housing Services, Neighbourhoods and Housing, Mr Ajman Ali, advised the Committee that he was in attendance in the absence of Ms Sinead Burke - Head of Property & Asset Management, Neighbourhoods and Housing, who could not be present this evening.

Mr Ali advised the Committee that the report summarised the options appraisal for the re-procurement of two construction contracts, known as contract 1 and contract 4, to ensure ongoing service delivery of capital investment works in the Council's housing stock. The contracts covered external works programmes, planned internal works, specialist mechanical and electrical works. As contract 1 would come to an end in November 2019 and contract 4 ended in March 2019, officers had reviewed all the available options, including opportunities for in-sourcing and SMEs.

Mr Ali went on to explain that the approach to this procurement followed from the provisions of the Housing Asset Management Strategy 2019-2027, which was approved by Cabinet on 25 March 2019. This procurement exercise was an important aspect to implementing this strategy and embedding its ambitions into contracts, so that capital

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works contracts were aligned to this strategy. The proposed works would ensure that Hackney built on the successes of recent investment programmes in its homes. In the past three years the capital works programme had delivered £120m of investment, ensuring that thousands of residents across the borough benefitted new roofs, windows, and modern kitchens and bathrooms, as well as ensuring blocks were well-decorated and in good repair.

Mr Ali outlined the proposed approach moving forward, as set out in the Housing Asset Management Strategy 2019-2027, which was to deliver capital works in a more holistic manner and ensure homes which would continue to remain safe, compliant, more energy efficient, more accessible and people were proud to live in. The suite of contracts proposed under this strategy, provided the maximum opportunities for SMEs to work with Hackney, while still ensuring the council would effectively manage contracts. Their value would also ensure that there were significant social value benefits for local residents. Mr Ali commented that the primary reason for this decision was the need to re-procure existing construction contracts, to ensure ongoing service delivery of capital investment works in the Council's housing stock. This decision related to the re-procurement of two contracts, which were known as contracts 1 and 4, from a set of 9 works contracts let in 2015. Contract 1 was a framework, limited to four years, for general building works with three main contractors. The Term Partnering Contract (TPC 2005, as amended) was let in 11th November 2015 and would expire in November 2019, though the individual Project Partnering Contracts (PPC 2000, as amended) were renewed annually allowing works orders to be raised until August 2020. There was no option to extend the Term Partnering Contract. Contract 4 combined a Term Partnering Contract for planned electrical works with a Project Partnering Contract for responsive electrical repairs, both let to the same contractor. This was let on an initial five year contract and had ended on 4th March 2019.

Mr Ali further advised that the main reason for how this decision was being proposed, and also a factor in the timeline was the recent publication of the Housing Asset Management Strategy 2019-2027. The strategy had been set out to include consideration of:

- The need for the Council to fulfill its legal obligations as a landlord for the maintenance of its homes and estates;
- The opportunity for capital investment works to contribute to broader Council ambitions of creating a fairer, safer and more sustainable Hackney;
- The ambition to ensure our homes and estates are places residents are proud of.

Mr Ali stated that it was necessary, therefore, that any new procurement for capital works, was aligned with the objectives of that strategy, and this procurement exercise aimed to achieve that.

Mr Ali commented that in addition to setting out the broader strategy for capital investment, Section 5 of the Housing Asset Management Strategy 2019-2027 set out a capital delivery plan, which had identified three key work streams for capital works, and it established a seven year forward programme which included every Hackney Council home. The work streams were external works to blocks and estate grounds, internal works to tenants homes, and specialist mechanical and electrical works. The basis of this approach was to ensure that works could be delivered in a more holistic fashion and the benefits of this were detailed in Section 5.1 of the Housing Asset Management Strategy 2019-2027. The procurement strategy detailed in the report would ensure that the capital works contracts were aligned to this capital delivery plan.

Mr Ali outlined the key deliverables for proposed procurement as follows:

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- Procuring construction services to ensure the Council can invest in homes to fulfill its legal obligations as a landlord;
- Procuring contracts on terms that are in line with the provisions of the new Housing Asset Management Strategy 2019-2027;
- Provision of a cost efficient, quality driven related works across the entire housing stock, which are focussed on the greatest investment need, and meet all relevant technical standards;
- Procuring contracts which are suitably flexible in their scope to respond effectively to resident consultation suggestions for works to homes and estates;
- Maximising the indirect social value from these contracts through local employment, community investment and resident satisfaction with the quality of their homes and local area;
- Procuring contracts which maximise the opportunities for SMEs and in-sourcing of services, while ensuring that the risks associated with capital works delivery are appropriately managed;
- Ensuring that capital works can support the Council's broader sustainability objectives, such as the air quality action plan, as well as improving the energy efficiency of homes to reduce fuel poverty;
- Ensuring compliance with the Council Standing Orders, Regulatory Procedures, and the Council's Corporate Policy;
- Procuring long term contracts which allow for continuity of service delivery and long term sight of construction costs. This will contribute to ensuring that the works can be delivered within the capacity of the Housing Revenue Account (HRA) Business Plan.

Mr Ali also advised that in 2015 the Council awarded Contract 1, General Building Investment Works and Services, to three main contractors, and Contract 4, Electrical Specialist Works, to one contractor.

Mr Ali went on to outline, as part of the detailed development work of the procurement exercise, the consultation plan which had identified the following groups who would be consulted with:

- Tenants and Leaseholders;
- Tenancy Management Organisations (TMOs);
- Resident Liaison Group, and Area Panels;
- Elected representatives;
- Staff across the housing service who are affected by these contracts;
- Industry via a Meet the Buyer event;

Mr Ali informed the meeting that with regard to Resident Focus Groups, initial meetings were being arranged with internal consultation staff and senior management in tenancy and leasehold services to establish some resident focus groups, which would inform key areas of the contract provisions, with particular focus on those which most affect residents which would include:

- Establishing priorities for social value work delivered as part of the contracts.
- Developing the consultation requirements which will be expected of contractors as part of carrying out their works.
- Commenting on access procedures, Disclosure and Barring Service (DBS) checks and other working arrangements for operatives, especially within homes.
- Contributing to the range of resident choice options with general client briefs.
- Commenting on the level of survey work to be required as part of project development, particularly where replacement components are proposed, so that there is confidence that the necessary evidence is available to inform such decisions.
- Contributing to resident satisfaction survey methods to form the basis of associated KPIs under the contract.

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In conclusion Mr Ali advised that the contracts would also embed the consultation principles of the Housing Asset Management Strategy 2019-2027 into all contracts. This strategy set out seven defined work stages for all capital projects, and would note the resident engagement actions for each stage. These processes would be owned by Hackney Council staff, ensuring they would have full oversight of project development, and officers were currently starting to develop the detail documents and procedures so that these aims would be fully implemented for the new contracts.

The Chair, in thanking Mr Ali for his detailed introduction, placed on record her thanks to the report author Ms Burke and the report's content, and the evident considerable efforts of the service to provide such a comprehensive, succinct and clear strategy. The approach to this type of procurement strategy as detailed should be held as a marker of excellence of how a strategy of these proportions should be implemented.

The Chair asked if there were any further points of clarification from Members.

In welcoming the report Councillor Burke referred to the tendering process and stressed the need to ensure that selection was based not only on a 'tick box' performance criteria. He commented that in assessing those tendering, that officers should be mindful of past performance and any previous issues with contract provision, as well as ensuring that with such a large contract there would be a clear opportunity to build good relationships with successful bidders, as well as attracting bidding from locally based contractors, wherever possible.

In response Mr Ali advised that as part of the robust tender evaluation process, many factors were included in the mechanism of bidder assessment, and that it would be of primary concern to ensure the best contractors were selected.

There being no further points of clarification the Chair **MOVED** and it was:

RESOLVED

That approval be given to the procurement strategy for Construction Contracts for Planned Capital Works to Hackney Council Housing in a suite of six contracts which combine a framework for external works programmes, and term partnering contracts for planned internal, specialist mechanical and electrical works, as follows:

	Contract Type		Preferred Contractor Number and Type	Works type	Estimated Value
i	4 Year Framework	Lot 1	3 to 5 Large Main Contractors	Planned External Works	£30-£50m/ annum
		Lot 2	3 to 5 SME Main Contractor	Planned External Works	£8m/ annum
ii	Term Contract (4 years with potential extension up to 10 years)		1 SME Main Contractor	Planned Internal Works	£2m/ annum

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iii	Term Contract (4 years with potential extension up to 10 years)	Specialist Contractor	Communal Electrical Supply	£1.5m/ annum
iv	Term Contract (4 years with potential extension up to 10 years)	Specialist Contractor	Fire Safety Systems to Large Blocks	£2.5m in total
v	Term Contract (4 years with potential extension up to 10 years)	Specialist Contractor	Fire Safety Systems to Street Properties	£500k in total
vi	Term Contract (4 years with potential extension up to 10 years)	Specialist Contractor	Communal Boilers	£7-8m over the next 5 years

RELATED DECISIONS

March 2019: Approval of the Housing Asset Management Strategy 2019-2027, by Cabinet on 25 March 2019. This provides an overarching framework for investment decision-making across the Council's homes and estates. It sets out the ambitions that Hackney has for the quality of its homes and the priorities that will be established to ensure that the limited available resources are directed at the greatest need.

<http://mginternet.hackney.gov.uk/ieListDocuments.aspx?CId=111&MID=4332#AI32478>

June 2015: Approval to award the TPC and/or PPC contracts for lots 2, 3, 4, 5, 6, 8 and 9 for an initial five year term, with an option for the Council to terminate at year 3 and an option of extending the contracts for a further two years at year 5, and a further two years at year 7, up to a maximum of nine year contract terms, was taken by Cabinet Procurement Committee at its June 2015 meeting. The relevant minutes along with the full report can be downloaded from the attached:

<http://mginternet.hackney.gov.uk/ieListDocuments.aspx?CId=113&MID=3392#AI22646>

March 2015: Approval to award a four year framework agreement to three Main Constructors for a period of up to four years was taken by the Cabinet Procurement Committee on 30th March 2015. The relevant minutes along with the full report can be downloaded from the attached:

<http://mginternet.hackney.gov.uk/ieDecisionDetails.aspx?Id=332>

9 ANY OTHER UNRESTRICTED BUSINESS THE CHAIR CONSIDERS TO BE URGENT

There were no other items of unrestricted urgent business.

NOTED

10 DATES OF CABINET PROCUREMENT COMMITTEE - MUNICIPAL YEAR 2019/20

RESOLVED

That the dates of the Cabinet Procurement Committee for the remainder of the Municipal year 2019/20 to be held at 6.00pm, be noted as follows:

8 July 2019
9 September 2019
7 October 2019
4 November 2019
2 December 2019
13 January 2020
10 February 2020
11 March 2020
6 April 2020

11 EXCLUSION OF THE PUBLIC AND PRESS

The Chair advised that the following item¹² allowed for the consideration of exempt information in relation to agenda item 7.

RESOLVED

That the press and public be excluded from the proceedings of the Cabinet Procurement Committee during consideration of Exempt item 12 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 para 3 of Part 1 of Schedule 12A to the Local Government Act 1972 as amended.

12 EXEMPT MINUTES OF THE PREVIOUS MEETING OF CABINET PROCUREMENT COMMITTEE HELD ON 8 APRIL 2019

RESOLVED

That the exempt minutes of the Cabinet Procurement Committee held on 8 April 2019 be confirmed as an accurate record of the proceedings.

13 ANY OTHER EXEMPT BUSINESS THE CHAIR CONSIDERS TO BE URGENT

There were no other items of exempt urgent business.

NOTED

Duration of the meeting: 18:00- 18:25HRS

Contact:

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