

UNRESTRICTED MINUTES OF A MEETING OF THE CABINET PROCUREMENT COMMITTEE

MONDAY, 2ND DECEMBER, 2019

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| Chair | Councillor Rebecca Rennison in the Chair |
| Councillors Present: | Councillors Cllr Jon Burke and Cllr Caroline Selman |
| Apologies: | Deputy Mayor Anntoinette Bramble |
| Officers in Attendance | Mr Rotimi Ajilore – Head of Procurement Ms Zainab Jalal – Category Lead Social Care Ms Karen Tait-Lane - Category Lead (Construction & Environment) Mr Sid Jha – Senior Lawyer Mr Gareth Wall – Head of Commissioning – Children, Adults & Community Health (CA&CH) Ms Beverley Gachette - Senior Commissioner – (CA&CH) Mr Gary Smith - Project Manager / Building Surveyor Ms Dawn Cafferty - Strategic Procurement Manager, Finance & Corporate Resources Mr Stephen Abraham - Category Lead Mr Clifford Hart – Governance Services Officer |

1 APOLOGIES FOR ABSENCE

An apology for absence was received on behalf of Deputy Mayor Bramble.

NOTED

2 Urgent Business

There were no items of urgent business.

NOTED

3 DECLARATIONS OF INTEREST - Members to declare as appropriate

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

There were no representations received.

5 DEPUTATIONS/PETITIONS/QUESTIONS

There were none.

NOTED

6 UNRESTRICTED MINUTES OF THE PREVIOUS MEETING OF CABINET PROCUREMENT COMMITTEE HELD ON 7 OCTOBER 2019

RESOLVED

That the unrestricted minutes of the Cabinet Procurement Committee held on 7 October 2019 be signed as an accurate record of the proceedings.

7 CHRISTOPHER ADDISON HOUSE - CORPORATE ESTATE RATIONALISATION (CER) – REFURBISHMENT WORKS - KEY DECISION NO. FCR Q23

The Chair asked for an introduction to the report/

Mr Gary Smith - Project Manager / Building Surveyor advised the Committee that the report sought approval to agree for the award of contract to tenderer D for the Development (refurbishment, improvements and adaptations) of the Ground, First, Second & Third floors at Christopher Addison House – 72 Wilton Way, Hackney E8 1BJ at a cost of £3,624,963.02. As part of the CER strategic programme an initial Options Appraisal & Feasibility Study was undertaken which included capturing the current and future occupant's teams & operational service requirements as well as condition/validation surveys of building fabric & environmental services. There also followed an extensive exercise of consultation and presentation to all key stakeholders to develop proposals for the site.

Mr Smith advised that in essence, decanting "The Annexe" to enable it to be re-let and maintain an existing Council asset namely CAH, into a modern equipped facility and key located space for staff with optimum space utilisation. The project eliminated the need to remain in a building (The Annexe) which could otherwise be earning revenue/rent in support of the wider savings the Council was seeking to achieve.

The Project Works & Objectives Consists of:-

CAH Refurbishment Works

- Refurbishment, improvements and adaptations of the Ground, First, Second & Third floors at Christopher Addison House, Hackney.
- Achieving increase occupancy capacity and space utilisation of CAH
- Maintaining and enhancing a Core Campus LBH Property Assets

Relocation of services from the Annexe

- Facilitating the relocation of Corporate Business Support (CBS) and Post Franking Facility from the Annexe ground floor into CAH
- Facilitating the relocation of Self Service (Payment) Centre (SSC) from the Annexe ground floor into CAH
- Unlocking decant of the Annexe and maximising revenue generating opportunities, culminating in letting The Annexe.

The Chair thanked Mr Smith for his introduction.

The Chair asked there were any questions from the Committee.

Councillors Burke commented that in respect of sustainability and energy efficiency the report covered any queries he may have had and that he was satisfied that sustainability and energy efficiency had been satisfactorily addressed in the design/spec and procurement of the construction.

In response to further comments Mr Smith advised that the construction was due to start on site during January 2020 and due for completion in the summer of 2020.

In response to a point of clarification by the Chair Mr Smith advised that the winning Contractor had scored excellent marks within the Tender Quality Evaluation section and evaluation in this area which was a specific Criterion question on Local Training & Apprenticeships opportunities. The winning contractor demonstrated a proactive commitment and policy lead approach to Local Training and provided evidence of successful schemes undertaken in neighbouring London Boroughs.

The Chair thanked Mr Smith for his clarification.

On a MOTION by the Chair it was:

RESOLVED

- i. That approval be given to the awarding of Contract to Tenderer D for the Development (refurbishment, improvements and adaptations) of the Ground, First, Second & Third floors at Christopher Addison House – 72 Wilton Way, Hackney E8 1BJ at a cost of £3,624,963.02;
- ii. that approval be given to enter into a JCT standard building contract without quantities (SB XQ) 2016 edition including Hackney Council amendments and any other ancillary legal documentation relating thereto with Tenderer D for the development of Christopher Addison House – 72 Wilton Way of on such terms as shall be agreed by the Director of Legal and Governance; and
- iii. that the Director of Legal and Governance be authorised to prepare, agree, settle and sign the necessary legal documentation to effect the proposals contained in the report and to enter into any other ancillary legal documentation as required.

RELATED DECISIONS

Hackney Procurement Board (HPB) approved the business case to commence the procurement process for the Christopher Addison House development on the 12th February 2019 *eDOCS Ref 20997942*

REASONS FOR DECISION/OPTIONS APPRAISAL

Key Decision – This key decision is an Executive decision which while resulting in the Council incurring expenditure, is the making of carefully and strategically planned savings and efficiencies which are significant, having regard to the Council's budget for the services and functions to which the decisions relates.

The report is presented as concise summary of how this project, and associated award of contract recommendation, is fundamentally deep-seated within the Accommodation Programme/Strategy and presents a case for a successful outcome which will derive and underpin a key performance target of the Strategic Financial Plan and Corporate Strategy.

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Outlined within the report are process that have been completed for procuring a principal contractor for the adaptation & improvement development at Christopher Addison House – 72 Wilton Way, Hackney E8 1BJ in the Hackney Central ward.

As part of the CER strategic programme an initial Options Appraisal & Feasibility Study was undertaken which included capturing the current and future occupant's teams & operational service requirements as well as condition/validation surveys of building fabric & environmental services. There also followed an extensive exercise of consultation and presentation to all key stakeholders to develop proposals for the site outlined below.

In essence, decant "The Annexe" to enable it to be re-let and maintain an existing Council asset namely CAH, into a modern equipped facility and key located space for staff with optimum space utilisation. The project eliminates the need to remain in a building (The Annexe) which could otherwise be earning revenue/rent in support of the wider savings the Council is seeking to achieve.

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CAH was built between 1993-94 with very little investment on maintenance and infrastructure being afforded to date. Many of the original mechanical and electrical services, as well as fabric, have out-seen their useful working life and are in a state of disrepair.

If these works are not awarded then CAH will inevitably decline into an advanced state of disrepair and may reach a stage where it cannot efficiently meet statutory health and safety and Council operational requirements for public service.

The refurbishment proposals for restacking CAH include investment in re-organising the office layout, furniture and an adaptation of existing mechanical and electrical infrastructure to allow us to optimise space utilisation. Following the proposed refurbishment works, it is anticipated that the building will be able to accommodate circa 420 Council staff with new ways of working, a potential increase of circa 140. The refurbishment works will refresh the office environment and thereby boost staff morale and bring the building in line with the condition of other key campus buildings.

To facilitate this increase in occupancy, the award of contract works in alignment with ICT to establish & implement the Councils recently improved ICT solutions support services to work more flexibly and achieve better utilisation of the building. An example of this is the new proposed Google Suite productivity tools that will provide a range of opportunities to work more flexibly when mobile, at home and in the office that has also been factored into the construction designs.

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The scope, design & specification of works have been formulated on the basis of known site conditions, measured surveys and contemporary works proposals within current market and construction/materials technologies. Officers have also taken into account recent L.B. Hackney projects of similar elements of works for evaluation within the CER programme such as the 136-142 Lwr Clapton Rd – Parking Services project.

The Council will meet the full development costs of the scheme from the Capital Programme Review Panel process and act as Project Management for the Professional Services Team, Construction and Operational Logistics of decant/relocations within the Estates & Accommodation Team.

The Council Legal Service – Senior Lawyer will assemble the contract which will be a Joint Contracts Tribunal JCT standard building contract without quantities (SB XQ) 2016 edition including Hackney Council amendments.

There is an opportunity to undertake essential renovation works to CAH utilising cost/programme benefits and efficiencies within the CER strategy, incorporating operationally disruptive & costly staff decant alongside the associated synergies of decanting/letting the Annexe. The strategy & planning within the CER Programme underpinning this decision also supports the Best Value duty to promote efficiencies within the Council, which standalone maintenance or upgrade works to CAH would not provide.

The entire scheme and fundamental award of contract follows the underlying directives supporting Best Value, as an authority LB Hackney are continually moving to secure improvement in the way in which its functions are exercised. Accordingly the newly refurbished CAH building and letting of the Annexe will have regard to a combination of economy, efficiency and effectiveness.

ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED)

Options providing a comparison, alongside the proposed adaptation, refurbishment and maintenance work required within the site of CAH 72 Wilton Way that did not involve major new build infrastructure and development are simply not available for consideration.

The opportunity to develop a new build site, would be beyond the scope of the objectives and the viable budget allocation considered reasonable, within the Corporate Property long term Strategic Financial Plan or that of the CER directives.

Letting CAH and retaining the Annexe was given due feasibility & viability analyses as well as deliberation by the Commercial Estates Team and found to be less lucrative in terms of income and market interest.

The outline strategy for letting CAH would conversely also have incorporated the restacking and increase in occupancy of The Annexe building which did not provide adequate floor space for the occupancy numbers and workstations required.

In terms of the Procurement strategy, the use of Framework Agreements are considered to make procuring construction works simpler, faster and more robust while minimising the cost of local procurement in terms of resources and retaining the element of competition. Procuring a principal contractor using this procurement route was given considerable consideration and deliberation by the Project Management & Consultant Teams which ultimately proved to be not ideal as per the evaluations outlined in the following paragraphs:-

A range of frameworks were considered to review the alternative framework agreement available to the London Borough of Hackney (LBH) with these key objectives:-

Key Objectives

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- *Selection of a contractor suitably experienced and competent in delivering a project of this nature.*
- *Ensure the contractor is compliant with LBH internal governance and procurement guidelines.*
- *Ensure that the contract is conversant with projects using Building Information Modelling (BIM) protocols.*

Whilst the value of the project falls below the OJEU threshold, LBH evaluated potentials within recognised framework contractors to take advantage of the pre-qualification and health checks against standard procurement standards.

The frameworks we have considered were:

1. London Construction Programme (LCP)
2. PAGABO Major Works Framework
3. Southern Contractors Framework (SCF) Lot 3
4. Orbis Construction Framework Lot 1
5. South East Consortium (SEC) Frameworks
6. LPP - National Framework for Medium Value Construction Work

As previously specified the BIM component is a critical consideration for potential Contractors capabilities working with designs from project Architect & Engineers etc. within the 3D Model & BIM. It is necessary to have the skills, knowledge & experience be able to extract measurements and quantities from the BIM in order to tender for this project using accurate data. Once the project has been won it is equally important to be able to output the relevant information in a format that can then be used on site.

Following investigation and evaluation in relation to the key criteria outlined in paragraph 5.2.8 and experience of working on BIM projects a significant number of the contractors on all the frameworks do not specifically state or demonstrate their ability to work in this specialist environment.

As a general overview LCP appeared to consist of local general contractors operating in the London marketplace, however the list excludes a number of contractors that the Project Team, who hold extensive experience and knowledge of Contractors in this field are familiar with and are well versed in the refurbishment of office buildings and have undertaken a number of innovative projects in the private sector. Many of the final Tenderers were ultimately very experienced in the field of work and to use just LCP would have restricted our ability to appoint the most suitable contractor for the project.

The SCF is based entirely on a two-stage open book early contractor engagement tender process, which would not be the preferred procurement model for this project. We would recommend using a single stage tender process because the design team are taking the project right through to the end of RIBA Stage 3/4. This will result in a well-defined design and specification to allow us to seek competitive tenders for the project. A two-stage tendering process would be unnecessary, and introduce additional costs for the Pre-Construction Services Agreement (PCSA) that we would have to be entered into with the contractor. We would also not achieve cost certainty until the last package was let. We also have a satisfactory programme period of 8 to 10 weeks for the tender period which will allow us to tender the project in this way.

An alternative procurement route, as the PM Teams evaluations have demonstrated in the preferred recommendations, proved to be outside of the frameworks as OJEU compliance is not essential. The tender list as outlined was eventually compiled through further research into

BIM capabilities and selection of contractors that are known to be experienced and on Constructionline list to ensure compliance with all the requisite quality and skills.

A fully detailed options appraisal for the chosen procurement approach was presented to and approved at Hackney Procurement Board in September 2018.

8 Mental Health - Accommodation Based Housing Related Support - KEY DECISION NO. CACH Q29

The Chair asked for an introduction of the report.

The Head of Commissioning for Adult Services – Mr Wall advised the Committee that the report was requesting approval to issue a five year contract with two one year options to extend in respect of Mental Health - Accommodation Based Housing Related Support which would cost roughly £1m per annum. Mr Wall advised that as with all HRS provision from the business case report of 2018, there were no annual savings other than asking the provider to contain inflation. Although it was noted that it may be necessary to review the budget more substantially during the life of the contract, given that it was not known what the likely budget might look like in future years.

In terms of the number of expressions of interest received at Market Engagement stage Mr Wall reported that these had been significant, but less so in terms of actual bids that responded to the tender. There had been a reasonable number of tenderers but it was accepted that access to property would be a challenge for potential bidders. It was known that a number of potential bidders, including the preferred bidder and their partner, provided both the property and the support, which clearly limited the options for independent support providers or, indeed, LB Hackney's ability to develop an in-house service, which had been noted at business case stage. Mr Wall further commented that the Council had received one bid for LOT 1 of forty one high Support units, and three bids for Lot two of thirty three Medium support units, making a total of seventy four units from a request for up to seventy six units.

Mr Wall further reported that there had been an important change in the specification of the service to what has gone before, in that the currency for success was outcomes for individuals rather than hours of support provided. The Council's interest was economic wellbeing, physical and mental health, feeling safe, and being part of the local community.

In terms of the evaluation panel Mr Wall advised that this had consisted of up of the Strategic Commissioner, a clinical lead from ELFT, a Mental Health Commissioning Officer, and an expert by experience. The offer from Bidder A and its partner for Lot One was very strong in terms of their trauma and psychologically informed approach. On the basis of this process and the outcomes of the evaluation, it was recommended that the Committee awarded this contract to Bidder A.

The Chair thanked Mr Wall for his introduction and asked if there were any questions from the Committee.

In response to questions relating to any identified savings associated with the Contract, Mr Wall responded that providers were required to absorb inflation each year as part of their cost, and it was understood that a more substantial discussion about savings may be required during the life of the contract.

In response to further questions in relation to whether the proposed contract was addressing needs set out in the final bullet below paragraph 6.1.1 on agenda p.41 in relation to the most appropriate sourcing approach to be undertaken in relation to accommodation and support offer for people with highly complex needs, and if not how this project was progressing, Mr Wall advised that this particular contract would not address those needs. The existing accommodation and support offer for residents with highly complex needs was not funded through Housing Related Support but was commissioned in partnership with the clinical team

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at East London Foundation Trust. It was the case that those arrangements were being reviewed as part of the overall changes to Housing Related Support as there were related accommodation requirements and a similar provider market. This work was ongoing with the Trust and Officers expected to report back to the Committee on progress early in the New Year 2020.

There being no further points of clarification, on a MOTION by the Chair it was:

RESOLVED

That approval be given to the awarding of the contracts for High (Lot 1) and Medium (Lot 2) Level Support for Mental Health Accommodation Based Housing Related Support Services to Bidder A (lots 1 & 2) with Lot 1 costing a total £3,474,582 and Lot 2 costing a total £1,473,582 over five years, and that the provision for lots 1 & 2 to cost a total amount of £4,948,164 for a period of five (5) years with an option to extend for a further two (2) years (5 + 1 + 1 years), subject to ASC budget.

RELATED DECISIONS

Re-tendering Of Housing Related Support (To Include Floating And Accommodation Support) Contracts Key Decision No. Cach P9

<http://mginternet.hackney.gov.uk/mgAi.aspx?ID=32105>

REASONS FOR DECISION/OPTIONS APPRAISAL.

The purpose of the service described in this report is to deliver an accommodation-based housing-related support scheme for people with high and medium level needs in relation to mental health and complex needs. This service will support and prepare people to address those issues that prevent them from experiencing social inclusion.

Comprising two levels of support need, medium and high, the key deliverables can be summarised as:

- Increased independence
- Learning independent living skills
- Establishing social networks
- Gaining training and employment
- Improved health (Mental and Physical)
- Prevention of homelessness

The service is for men and women who have a diagnosed mental illness, aged 18 years and over and are in housing need. The majority of service users will be on the mental health Care Programme Approach (CPA). Some may have a forensic (criminal) history and/or a dual diagnosis of mental illness and substance misuse. Service users may be subject to Ministry of Justice requirements and/or Community Treatment Orders. The majority of service users accessing the high level service will typically come from inpatient services; the medium level support provision represents a 'step down' for people moving on from high level support or for people identified as requiring that level of support.

Bidder A, have partnered with Provider D, who will deliver a proportion of the high support provision through a subcontracting relationship. Provider D will staff and manage their accommodation based service with Bidder A acting as the lead provider. This integrated contracting approach will improve the customer experience and their ability to navigate through the pathway. The high support service will comprise of three sites owned by Bidder A (23 units) alongside one site owned by Provider D (18 units), providing a total of 41 units of high support accommodation located across Hackney.

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A Heads of Terms for the subcontracting relationship has been agreed, more formal agreement covering referral and allocation arrangements, safeguarding, risk management, financial arrangements, performance monitoring, dispute resolution and a joint approach to contractual changes will be agreed between tender and implementation.

The medium support service will be delivered by Bidder A through five sites delivering 33 units. This mix of accommodation types allows for the development of a clear pathway model with the ability to place individuals in the service most suited to their needs including wheelchair accessible and women only accommodation.

Both the lead and the subcontracted provider, demonstrated how their organisational ethos' aligned and how they would build on existing relationships with Hackney services to deliver improved outcomes and wellbeing for service users. By implementing a service model that utilises a psychologically and trauma informed approach, the successful Providers will support service users to build on their strengths, achieve recovery and independence.

9 ANY OTHER UNRESTRICTED BUSINESS THE CHAIR CONSIDERS TO BE URGENT

There were no items of unrestricted urgent business.

NOTED

10 DATE OF FUTURE MEETINGS

Noted meetings of the Cabinet Procurement Committee for the remainder of the 2019/20 Municipal Year commencing at 6.00pm on:

13 January 2020
10 February 2020
11 March 2020
6 April 2020
11 May 2020 – new meeting

11 EXCLUSION OF THE PUBLIC AND PRESS

RESOLVED

THAT the press and public be excluded from the proceedings of the Cabinet Procurement Committee during consideration of Exempt items 12-15 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.

SUMMARY OF EXEMPT PROCEDINGS

12 EXEMPT MINUTES OF THE PREVIOUS MEETING OF CABINET PROCUREMENT COMMITTEE HELD ON 7 OCTOBER 2019

AGREED the exempt minutes of the Cabinet Procurement Committee held on 7 October 2019.

13 CHRISTOPHER ADDISON HOUSE - CORPORATE ESTATE RATIONALISATION (CER) – REFURBISHMENT WORKS - KEY DECISION NO. FCR Q23

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AGREED - exempt Appendices A-D in relation to agenda item 7 in the unrestricted part of the agenda.

- 14** Mental Health - Accommodation Based Housing Related Support - KEY DECISION NO. CACH Q29

AGREED - exempt Appendix A in relation to agenda item 8 in the unrestricted part of the agenda.

- 15** ANY OTHER EXEMPT BUSINESS THE CHAIR CONSIDERS TO BE URGENT

There were no items of exempt urgent business.

NOTED

Duration of the meeting: 18:00hrs-18.25hrs

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