

UNRESTRICTED MINUTES OF A MEETING OF THE CABINET PROCUREMENT COMMITTEE

WEDNESDAY, 11TH MARCH, 2020

Chair	Councillor Rebecca Rennison in the Chair
Councillors Present:	Councillors Deputy Mayor Anntoinette Bramble and Cllr Jon Burke
Apologies:	Cllr Caroline Selman
Officers in Attendance	Mr Rotimi Ajilore – Head of Procurement Mr Norman Harding – Fleet Manager - Neighbourhoods and Housing Mr Ross Tuckley - Business Development and Support Manager, Children, Adults and Community Health Ms Jane Havemann - Head of Estate Regeneration Programme, Neighbourhoods and Housing Mr Andy Cunningham – Head of Streetscene, Neighbourhoods and Housing Mr Quaysoor Miah – Group Engineer Highways Infrastructure - Neighbourhoods and Housing Ms Maria Zazovskaya - Resource Manager - Children and Families Placement Management Unit, Children, Adults and Community Health Mr John Jahoda - Consultant Social Worker, Children, Adults and Community Health, Adults and Community Health Ms Zainab Jalal – Category Lead Social Care Ms Karen Tait-Lane - Category Lead – Construction & Environment Mr Clive Sheldon – Lawyer – Procurement - Legal & Governance Mr Clifford Hart – Governance Services Officer – Legal & Governance

1 APOLOGIES FOR ABSENCE

An apology for absence was received from Councillor Selman.

NOTED

2 Urgent Business

There were no items of urgent business.

NOTED

3 DECLARATIONS OF INTEREST - Members to declare as appropriate

There were no declarations of interests.

NOTED

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

There were no representations received.

NOTED

5 DEPUTATIONS/PETITIONS/QUESTIONS

There were no deputations, petitions or questions.

NOTED

6 UNRESTRICTED MINUTES OF THE PREVIOUS MEETING OF CABINET PROCUREMENT COMMITTEE HELD ON 10 FEBRUARY 2020

RESOLVED

That the unrestricted minutes of the meeting of Cabinet Procurement Committee held on 10 February 2020 be confirmed as an accurate record of the proceedings subject to a minor typo amendment to item 7 – Chair’s comment after introduction.

7 Council Passenger Transport Services for vulnerable children - Key Decision No. CACH Q30

The Chair asked for an introduction of the report.

The Business Development and Support Manager, Children, Adults and Community Health – Mr Ross Tuckley advised the Committee of the Council’s statutory obligation to provide, free of charge, home to school transport for a child or young person who is eligible. The taxi service for vulnerable children and adults was a key service provided by the Council, and the implementation of a corporate taxi and passenger services contract underlined the commitment to achieving best value for the Council. Mr Tuckley advised that Hackney currently had approximately 260 children and young people for which it provided home to school transport via third party contractors. The majority of journeys were daily, although some occurred weekly or termly and they were primarily to out-of-borough schools and colleges. Mr Tuckley further advised that in CFS the main client group were Looked After Children (LAC) being transported to and from school, hospital, as well as contact arrangements with parents. In ASC, taxi services were primarily used by Learning Disabilities Service for clients being transported to and from day activities.

Mr Tuckley informed the Committee that the report sought approval to re-procure Council wide Passenger Transport Services, for Vulnerable Children and Adults at an approximate annual spend of £1.8 million. The new contract would commence in October 2020 with a recommended contract term of 3 years with an option to extend for 1 further year (4 years total).

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The Chair thanked Mr Tuckley for his introduction and asked if there were any questions from Members.

Deputy Mayor Bramble, in welcoming the report, commented on the existing provision and asked for a brief analysis of the existing service provision and any major changes to that in the new contract.

In response Mr Tuckley advised that since the start of the current framework, CFS and ASC had successfully implemented a booking process for sending out requests for quotes to all taxi providers on the framework and therefore continuously benefiting from securing the most competitive prices. Additionally, the ongoing use of Government Purchase Cards (GPC) had continued to make efficiency savings in terms of processing time. GPC were held by permanent members of Business Support staff within CFSCFS and ASC always encouraged service users to use public transport where appropriate. However, the age, health, ability and individual family/carer circumstances of a child or adult at risk may often mean that a taxi was the only transport option. Efforts had been successfully made across CFS to ensure that taxi provision was a last resort and over the last four years, there had been an overall reduction in spend on that provision. Mr Tuckley further commented that within education, a family would apply to HLT for home to school transport to be provided by HLT and the requirement was matched against the eligibility criteria. Where it was safe and practicable, alternative transport options that fostered independence would be considered, or if not then HLT provided home to school transport, either via the in-house fleet of busses, or with third party transport providers.

Mr Tuckley further commented that The Children and Families Act had sets out reforms to special educational needs, which had been implemented in September 2014, and this had a significant impact on the demand for and provision of home to school transport for children with a statement or an education, health and care plan. The reforms provided families with children with special educational needs and disabilities (SEND) more control over the services they used . All local authorities published a 'Local Offer' which outlined the services available to families with children with special educational needs and disabilities, and how they could use their personal budget.

Mr Tuckley further commented that was intended that the Dynamic Purchasing System (DPS) proposed would continue to enable departments to streamline passenger transport booking arrangements and continue to lead to service efficiencies. This would be achieved within the DPS through a competitive system of sending requests for quotes, and a mini-competition being carried every summer by HLT for approved providers to bid for scheduled home-to-school journeys.

The Chair thanked Mr Tuckley for his succinct response. There being no further points of clarification on a **MOTION** by the Chair it was:

RESOLVED

That approval be given to the procurement of a dynamic purchasing system for provision of Passenger Transport Services, for a contract term of three years with an option to extend for a further year, up to a maximum of four years, commencing in October 2020, with the potential contract value being £5.4 million, rising to £7.2 million should the contract extension be utilised.

RELATED DECISIONS

In 2015, following a competitive tender process, Cabinet Procurement Committee approved the award of a 4 year framework contract at the approximate annual value of £1.8 million per annum.

OPTIONS APPRAISAL AND BUSINESS CASE (REASONS FOR DECISION)

HLT, CFS and ASC are seeking a Council wide Corporate Contract to continue the amalgamation of the use of passenger transport and taxi services across all Council departments to continue to realise the main objectives of the passenger transport services which are:

- To provide a safe service to all users
- To provide a passenger assistant when required
- To provide a punctual and timely service
- To provide vehicles that are safe, legal, secure, clean and in good condition
- Ensure all contractors are correctly licensed
- Deliver value for money

ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED)

Insourcing - Deliver the provision in-house

This option would consider the possibility of employing personnel on a full-time basis, and leasing vehicles to provide all required in-house transport and taxi services. (Appendix 1 of the report for a detailed breakdown).

Do nothing – Do not re-procure

This option was considered and rejected because, as previously noted the Council is under a statutory duty to provide transport for eligible service users. This includes particular responsibility to transport vulnerable children and young people with special educational needs (SEN).

Advantages

- None

Disadvantages / Risks

- Failure to re-procure would leave the local authority open to challenge by Government and could also leave the Council exposed to judicial review in relation to any failure to support young people with SEND.
- The Council would fail to realise savings through ad-hoc purchasing techniques that could be achieved through the use of a joint framework or DPS.
- Without a framework or DPS, expenditure tracking across a large range of taxi suppliers will be difficult.
- No competitive process would be held when hiring services.
- The Council would not be in a position to identify if they are receiving 'value for money'.
- The Council would be non-compliant under UK Government and EU procurement rules and violate Hackney's Contract Standing Orders.

Tender the transport and taxi service to one lead provider

This option was considered and rejected.

Advantages

- Saving on resources required to manage single supplier's performance for delivery of all taxi services
- Ease of booking taxi services with one approved supplier

Disadvantages / Risk

- Lack of multiple suppliers risks demand not being met at peak times. If the main provider could not meet all the requirements during this time, Council would have to use other unapproved providers.
- Lack of competitive booking process - the Council would not receive value for money
- High risk in the event of supplier going into administration. There have been instances of Local Authority provision being severely disrupted by providers collapsing.
- This option is likely to disadvantage smaller, local businesses that are well placed to provide a responsive service.

Create a new Council wide framework

This option was considered and rejected with the flexibility of a Dynamic Purchasing System being agreed as the preferred option.

Advantages

- None of the ongoing evaluation and administration, and associated resource implications, required by a DPS.
- The framework would be specific to the Council and therefore continue to meet all user requirements, including the need for a safe and timely service for vulnerable users.
- Will continue to provide greater efficiency of purchasing, with a one-stop shop allowing directorates to purchase all required services from the one framework.
- Continue to allow for greater control of spend on taxi services across the Council.
- The competitive process of developing the framework will ensure that the Council is receiving 'value for money' from the suppliers.
- A list of approved taxi suppliers allows for greater ease of expenditure tracking.
- Based on the positive feedback from the current contract, this option is likely to have broad user acceptance.
- Saving on resources required to tender and implement separate taxi frameworks across each directorate / department.
- No additional cost to existing budgets for monitoring the framework.

Disadvantages / Risks

- A lack of suppliers on the framework risks reduced competition and driving up prices.
- Prices for taxi services reflect a highly competitive UK market.
- Suppliers are unable to reapply to join the Framework; the market is limited and an opportunity to support suppliers, particularly smaller local businesses is lost.

8 Procurement of Bulk Road Fuels - Key Decision No. FCR Q.62

The Chair asked for a brief introduction to the report.

Mr Norman Harding – Fleet Manager , Finance & Corporate Resources, advised the Committee that the report before it detailed the requirement for the contracted supply of bulk road fuels, specifically renewable high blend biofuel and rebated gas oil (red diesel) for an

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initial 24 month period commencing 1st August 2020 with the option of two further extensions, each for a 12-month period.

Mr Harding went on to comment that the use of the fuel in existing internal combustion engined vehicles would not only greatly contribute to the Council's carbon reduction targets but also improve local air quality. The Council used road fuels within its vehicles for the provision of essential services to residents of the Borough. Mr Harding explained that whilst it was the long term aim to operate all Council fleet vehicles on electric energy, and although the Council was already operating 57 fully electric vehicles, it was acknowledged that electric vehicle technology was still not practically viable for all fleet vehicles either because of technical limitations in smaller vehicles or simply not yet available in larger specialist municipal vehicles.

Mr Harding further commented that for vehicles that could not operate electric technology it was the Council's aim to use an alternative fuel that was sustainable and environmentally beneficial. Historically, the Council had successfully utilised a high blend renewable biofuel saving hundreds of tonnes of CO₂. Mr Harding advised that the current contract expired in September 2019 and must be retendered to ensure continuity of supply. The recommendations before the Committee were to use a superior high blend renewable biofuel until electric technology developed to allow wider implementation.

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

Councillor Burke, in welcoming the report, commented that he was extremely happy to commend the report to the Committee and that its content and proposed strategy were excellent. The proposals went a long way in furthering the Council's sustainability and green agenda and showed considerable initiative on the part of officers to explore alternative methods of fuel uses for its fleet vehicles. Councillor Burke sought one point of clarification as regards the issue of refuse vehicle electrification and where the technology currently was.

In response Mr Norman advised that whilst a whole range of fleet vehicles could and were electrified the plans to introduce larger bulk refuse electrical ones was something that was desired for, but still in a prototype stage. The issue with bulk waste refuse vehicles being electrified were due their size and the current technology not being sufficiently expanded to allow for this as yet. However as soon as it was viable to do so then this avenue would be explored.

The Chair thanked Mr Norman for his responses. There being no further questions from the Committee on a **MOTION** by the Chair it was:

RESOLVED

- i. **That the various options considered for the procurement of Bulk Fuels as detailed in the report, be noted; and**
- ii. **that approval be given to the procurement strategy detailed in the report, and officers be authorised to proceed with the procurement of a Framework, open to Hackney, City of London and other London Boroughs, to identify and engage providers for the fuels required.**

RELATED DECISIONS

There are no related decisions regarding this procurement process.

OPTIONS APPRAISAL AND BUSINESS CASE (REASONS FOR DECISION)

The report sets out to seek approval for the procurement of contracted bulk vehicle fuel supply arrangements that meet current and future requirements. Fuel is a vital commodity which the Authority relies upon for use in its fleet vehicles and plant. The procurement of road fuel and rebated gas oil for plant and machinery has been an ongoing requirement for many years. The current contract expired September 2019.

This procurement focuses on identifying supply arrangements for high blend renewable biofuel (from waste) called Hydro-treated Vegetable Oil (HVO) and its rebated Gas Oil variant for off road machinery required over the next 24 months. This fuel is highly CO₂ efficient reducing CO₂ by over 80% prior to combustion and up to 12% after combustion (at the exhaust pipe), a total of circa 92%. It is also highly NO_x efficient reducing NO_x by up to 69% at the exhaust pipe.

ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED)

The Council continually assesses various alternative fuels through participation in technical workshops; campaigns & programmes; networking with other proactive fleet operators; ride & drive events and actual vehicle trials within our own operations.

The Corporate Fleet Manager has attempted to provide a brief overview of other alternative fuels currently available but rejected.

Compressed Natural Gas

Compressed Natural Gas (CNG) is a fossil fuel predominantly from methane. Methane is a potent greenhouse gas which has a much higher global warming impact than Carbon Dioxide (CO₂). CNG vehicles used in high density urban environments emit worse emissions than Euro VI diesel vehicles. CNG as a road fuel is only better than Euro VI diesel when the engine can be operated for long periods at its optimal engine speed and therefore may be environmentally beneficial when used in static generators or for long distance motorway vehicles but certainly not for city municipal vehicles whose duty cycles are predominantly stop/start. Gas engines produce lower noise levels than diesel engines.

CNG is stored at high pressure, 3,000 to 3,600 pounds per square inch (21 to 25 MPa). The vehicle fuel tank is larger and heavier impacting negatively on available payload and more costly than a conventional fuel tank.

Depot based CNG refueling stations are very expensive to install and take up substantial space compared to normal liquid fuel storage tanks. The refuelling station also requires high levels of energy (and therefore carbon inefficient) as the gas has to be stored at high pressure to enable fast refuelling of numerous vehicles in quick succession. Fast-fill stations may still require over 10 to 15 minutes to fill an HGV size vehicle tank.

Liquid Natural Gas

Liquid Natural Gas (LNG) is natural gas that has been cooled to cryogenic temperatures to turn it into a liquid. Because of its cryogenic nature, it is stored in specially designed insulated tanks. These tanks operate at fairly low pressures (about 70-150 psi) compared to CNG. A vaporizer is mounted in the fuel system that turns the LNG into a gas (which may simply be considered low pressure CNG).

LNG has similar environmental properties to CNG when used as a vehicle fuel but has the advantage of increased mileage range by volume because of its denser nature but has the major disadvantage of having to be stored and handled at cryogenic temperatures.

LNG is not popular as a road fuel because it has a number of safety related difficulties which do not make for a practical alternative fuel. The operation of LNG exposes personnel to cryogenic temperatures. Workers can receive cryogenic burns from direct body contact with

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cryogenic liquids, metals and cold gas, although the risk of cryogenic burns through accidental exposure can be reduced by the use of appropriate PPE. Another unusual hazard associated with LNG is in the unlikely event of a large spill of LNG onto water. The hazard is known as a rapid-phase transition (RPT), which is a rapid transformation from the liquid phase to vapour. If significant vaporisation occurs in a short time period the process resembles an explosion.

Both CNG and LNG will expand within the vehicle fuel systems after periods of warm weather which if internal pressures reach critical levels must be 'vented off' via a pressure relief system to prevent the fuel system bursting. Under these conditions methane will be vented to the atmosphere which is highly damaging from an environmental point of view.

Biogas

It should be noted that both CNG and LNG can be provided as a biogas which is a mixture of gases produced by the breakdown of organic matter in the absence of oxygen. Biogas can be produced from raw materials such as agricultural waste, manure, municipal waste, plant material, sewage, green waste and food waste.

Biogas is produced by anaerobic digestion or fermentation of some forms of biodegradable materials as described above. Biogas is primarily methane and carbon dioxide which can be combusted or oxidized with oxygen. This energy release allows biogas to be used as a vehicle fuel.

Biogas like biodiesel is a renewable energy source which is highly CO₂ efficient before combustion in an internal combustion engine but has few post combustion benefits as described in paragraph 5.5.3.

Liquid Petroleum Gas

Liquefied Petroleum Gas (LPG) is a mixture of propane 93% and butane 7%, which occurs naturally in gas fields, where it is usually flared off during natural gas extraction, and is also produced during the oil refining process. LPG is a gas at room temperature but is stored under pressure as a liquid in order to achieve higher fuel densities.

Apart from the fuel storage and delivery mechanisms, LPG engines are very similar to petrol engines, and deliver similar performance. Most LPG conversions are to cars or light commercial vehicles - not being particularly suitable for heavy duty engines. Almost all LPG vehicles sold in the UK can operate as dual-fuel vehicles – enabling changing over to operate on petrol at the flick of a switch.

Fuel is delivered to the engine as a gas from separate fuel tanks, controlled by a regulator. LPG liquefies readily under light pressure, so fuel tanks and supply hoses are not exposed to the very high pressures associated with other compressed fuels.

Emissions vary depending on the quality of the LPG system used. In the 1990's air quality benefits were promoted over petrol and diesel engines but with developments in traditional ICE technology, the environmental benefits of LPG have been substantially reduced and are generally considered worse than standard Euro 6 petrol and diesel.

The fuel infrastructure for gas as a road fuel has never been good. LPG is available from nearly 1500 high street forecourts nationally but none in Hackney.

Hydrogen and the Dearman Engine

Hydrogen is a versatile fuel that can be used in either adapted internal combustion engines or fuel cell vehicles. Direct use in an internal combustion engine would emit only a small amount of NO_x and no CO₂ at all. Hydrogen powered vehicles are credited with the potential to eliminate toxic emissions, greenhouse gases and noise pollution, with the only emission from the tailpipe being water vapour.

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Unfortunately, whilst hydrogen is an extremely clean fuel it is highly energy intensive and costly to create. When measured on a 'well to wheel' basis hydrogen may not be any cleaner than standard Euro 6 petrol / diesel as a road fuel. There is lots of research taking place to identify alternative processes to make hydrogen but these are unlikely to be commercially viable for many years. Availability of suitable vehicles and refuelling infrastructure are both not commercially ready for market yet.

The technical principles of the Dearman engine are also very attractive with zero emissions produced at the tailpipe. In a similar process to LNG, air is frozen to cryogenic temperatures whereby the Oxygen boils off early leaving Nitrogen in liquid form. This is injected into an engine, similar in design to an internal combustion engine, at ambient temperature. The difference in temperature between the injected cryogenic Nitrogen and the ambient engine causes an explosion similar in expansion to the physical properties of internal combustion.

Unfortunately, whilst the Dearman engine is extremely emissions clean the creation and storage of cryogenic Nitrogen is extremely expensive and the engine is not yet commercially available for mainstream vehicles.

9 Business Case : Young people's supported accommodation pathway - Key decision No. CACH Q51

The Chair asked for a brief introduction of the report.

The Resource Manager - Children and Families Placement Management Unit, Children, Adults and Community Health – Ms Maria Zazovskaya, advised the meeting that the report before the Committee proposed the procurement of several contracts to form a pathway of supported accommodation for Hackney looked after children, care leavers and homeless young people. Ms Zazovskaya advised that the report was a joint procurement with Housing and Adults Social Care led by the Children and Families Service that would support a seamless transition throughout a young person's journey to independent living.

Ms Zazovskaya referred to the Council's legal obligation under the Children Act 1989 to provide suitable accommodation for looked after children and to provide support to care leavers under the Children (Leaving Care) Act 2000, and this included the provision of suitable supported independent accommodation. Ms Zazovskaya went to comment that providing 16-21 year old care leavers with suitable accommodation that was tailored to their needs was essential in supporting them with their transition to adulthood. Whilst some care leavers returned home or "stayed put" with their foster carer, many would move to more independent accommodation that came with varying levels of key-worker support (semi-independent accommodation). This proposal will ensure that for those care leavers who need it, there is access to a range of semi-independent accommodation options that are of a high standard and deliver the best value for money.

Ms Zazovskaya further informed the meeting that proposals would support the delivery of a consistent high quality support and accommodation service, and introduce the use of evidenced based psychologically informed environments or similar approaches to provide young person centred, wrap around support that would make a significant impact in how young people experienced supported accommodation. The Council had a legal obligation under the Children Act 1989 to provide suitable accommodation for looked after children and to provide support to care leavers under the Children (Leaving Care) Act 2000; this support included the provision of suitable supported independent accommodation.

Ms Zazovskaya further commented that the proposed procurement arrangement would support Hackney to meet its sufficiency duty in line with increases in the numbers of looked after children and care leavers and facilitate the implementation of a robust quality assurance framework to monitor the performance of providers who are operating in an unregulated market. It is also anticipated that a block contract will secure support and accommodation at

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rates that are more competitive than the existing spot purchasing arrangements. The Young People's Supported Accommodation Pathway would ensure the delivery of high quality placements and support for the most vulnerable young people in Hackney. The services would be innovative, efficient and fit for the future, preparing young people for independent living, increasing their quality of life and supporting young people to maintain their engagement in their local communities.

Ms Zazovskaya advised that the procurement sought to commission accommodation based support for the young people's supported accommodation pathway. The successful providers would be providing the accommodation needed for the pathway for each lot. The procurements would focus on meeting statutory obligations as Corporate Parents and focus on supported accommodation for young people aged 16-21. Accommodation and support for single homeless young people 21+ would continue to be provided for by Adults Social Care through the Single Homeless Pathway.

The Chair asked if there were any questions of the Committee.

In welcoming the proposals Deputy Mayor Bramble clarified existing contracts and the transition arrangements of the existing to new contract provider and the likely disruption for clients, if any. The Chair echoed these concerns.

In response Ms Zazovskaya advised that the two existing contracts had been in place since 2013 with little change to the specification. However the service was no longer meeting the complex needs of Hackney's young people requiring supported accommodation. Following the reduction of the size of the service in 2017 (147 places to 64), the number of placements available within the contract was not sufficient to meet the increase in demand of these services. It was envisaged that there would be no major disruption to clients during the transition period but officers would be monitoring this closely.

There being no further comments from the Committee on a **MOTION** by the Chair it was:

RESOLVED

- i. That approval be given to the competitive procurement, with five lots, for a young people's supported accommodation pathway, and that the term of contract be for 5 years with an option to extend for a further 2 years (5 +1 +1 years), and an estimated annual contract value of £1.4m-£2m for 96-140 places for young people; and
- ii. That a later procurement of a separate Lot 6 for ad hoc services be agreed, with an estimated annual contract value of approximately £300,000.

RELATED DECISIONS

Key Decision No. CACH P9 Re-Tendering of Housing Related Support Contracts, Business case. September 2018

Key Decision No. CACH P72 Hackney Housing Related Floating Support Service, Contract Award Report. March 2019

Key Decision No. CACH Q29 Mental Health - Accommodation Based Housing Related Support, Contract Approval. December 2019

OPTIONS APPRAISAL AND BUSINESS CASE (REASONS FOR DECISION)

The two contracts for the provision of Children and Young People's Accommodation Based Services are coming to an end in December 2020. This gives us an opportunity to redesign the current accommodation pathway and undertake a competitive procurement process. The redesign will also allow us to align our spot purchase arrangements which currently fall outside

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of these two contracts. This is also an opportunity to increase the size of the contract to support the Council in meeting its sufficiency strategy and in managing the overspend in this area.

These two contracts have been in place since 2013 with little change to the specification. This service is no longer meeting the complex needs of our young people that require supported accommodation. Following the reduction of the size of the service in 2017 (147 places to 64), the number of placements available within the contract is not sufficient to meet the increase in demand of these services. This has placed increased pressure on Children and Families Service (CFS) to find alternative accommodation with private providers, who are usually out of borough, for a large proportion of looked after children and care leavers who would have previously accessed this provision. The spot purchase arrangements for accommodation cost the Council significantly more money than the contracted arrangements.

The commissioning responsibility of these young people's services has transferred from Adults Services to CFS who are now leading on the redesign and the commissioning and procurement of the pathway for young people up to the age of 21. The responsibility for homeless young people aged 21 to 25 is still held within the Adult Social Care Single Homeless Pathway.

A CFS working group was set up to review our current services and assess our needs and demand for supported accommodation for looked after young people and care leavers. The group considered, the affordability of the accommodation, upkeep of the building and external spaces, the state of repair of furnishings and facilities, the hourly rate for key-workers, the outcomes being achieved by young people, the attitude and capabilities of staff and their ability to flexibly respond to young people's needs. The review revealed considerable inconsistencies with quality and cost in the current services. The group made recommendations for outcomes and minimum standards which have been fed into the specification for this procurement.

The working group also informed the development of a new pathway structure that was based on the needs of young people using the service and those of the internal stakeholders referring young people needing those services. Young people from Hackney's Children in Care Council (Hackney of Tomorrow) also participated in the working group and contributed to the development of the pathway model.

Hackney of Tomorrow completed an independent consultation directly with young people living in supported independent accommodation and their findings and recommendations have formed a key part of the specification for this service.

See Appendix 1 of report for Young people's consultation

ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED)

The following options have been considered and rejected:

- **Do nothing** - Contracts end 31 December 2020 and CPC have stated that no further contract extensions will be agreed. Therefore this is not an option. This will also not address the increase in demand on these services by CFS and issues with lack of consistency in quality and cost.
- **Framework / approved provider list** - This option would be extremely resource intensive to manage and would not provide the security of guaranteed placements for looked after children and care leavers. Frameworks are usually shorter in length and you are then restricted at the end of the agreement to use the providers who are in the framework for the new services. This does not allow the flexibility of opening up to new providers after 4 years. A framework is likely to contain many providers which would

add considerable time to the evaluation process in the tender. As the contracts for the existing services end in December 2020 there is not enough time to have services in place via this option.

- **Dynamic Purchasing System (DPS)** - The establishment of a DPS has been considered as a route to engage the market. It has some aspects similar to a framework agreement, however new suppliers can join at any time during the life (5 years) of the DPS. This procedure has been used more frequently considering the volatile and ever changing economy. Some suppliers have stopped trading, new companies are being launched and this procedure reduces the risk by allowing new suppliers to join during its lifetime as long as attain the minimum selection criteria. This procedure is beneficial for Small Medium Enterprises (SMEs) and can potentially reduce the number of spot purchases. This would not be possible with a normal framework agreement as the Council would be restrained to the suppliers on the list. This approach will also give the Council the flexibility to develop existing services whilst in operation. The DPS has the potential to increase competition by requesting suppliers to submit competitive prices for each call-off contract thereby saving the Council money.

Although there are benefits to a DPS, there are serious considerations and challenges to take into account when implementing and running a DPS. For example, all suppliers on the DPS will be invited to tender for every piece of work and there is no provision for direct award. This would pose an onerous administrative burden on Council's resources. The specification would need to be very prescriptive in order to limit the numbers of suppliers responding to a call-off contract. The Council would also have to contract manage a larger pool of suppliers which will prevent effective supplier relationships. It should also be noted that suppliers can equally leave the DPS at any point which could leave the Council vulnerable. Having reviewed the feasibility of establishing a DPS, this would not be practical given the resource pressures.

Insourcing: See Exempt Appendix 2 of the report.

10 Provision of contact services for looked after children - Key Decision No. CACH Q.53

The Chair asked for an introduction to the report.

The Consultant Social Worker, Children, Adults and Community Health – Stephen Jahoda advised the meeting that Children who were Looked After by the Local Authority away from their families, either temporarily or permanently, would often need on-going supervised, supported or facilitated contact with members of their families. Contact arrangements for children were an important part of the child's plan assisting in the assessment of risk and the identification of strengths between children and their parents / carers. Promoting good contact arrangements supported successful rehabilitation of children to their families when safe to do so and also supported early identification of a parent's capacity to change in order to plan for a child's needs for permanence via adoption or fostering.

Mr Jahoda further advised that the Council had a legal obligation under Section 34 of the Children Act 1989 to promote contact between children looked after and their parents/carers, siblings and extended family members. The contact service through a supported or supervised method facilitated this important provision. Mr Jahoda referred the Committee to the considerations of in-sourcing the contact service which was not deemed viable during the options appraisal process. The Council had brought some previously outsourced services back in-house where it was judged to be operationally and/or financially advantageous. However, the nature of contact services provided to the Council and skills required to successfully manage the risks within each faction was typically two-fold; planned and reactive. It was the reactive element of the service that particularly defined the contact service as out of scope for in-sourcing.

Mr Jahoda further advised that an in-house service also lacked the independence which was beneficial where cases were heard in court and evidence pertaining to contact was required. It should also be noted that the Council would incur a 40% increase in cost should the service be brought in-house. Mr Jahoda also commented that it was necessary to retain the outsourced contact services due to its significant financial and operational benefits to the Council as outlined in the report. This was most prevalent in the “reactive” element of the service due to the often short notice requests for contact and the frequency sometimes directed by the courts.

Mr Jahoda In respect of the contract proposed for award Mr Jahoda advised that officers had used the tender opportunity to give further emphasis on the quality of the workforce required. It was the expectation that this would facilitate the successful introduction of an improved contact service alongside the continued benefits of London Living Wage and its delivery of a higher retention of experienced staff. The recommendations before the Committee were the result of a rigorous procurement process undertaken by Children & Family Service and Procurement Services

The Chair thanked Mr Jahoda for his succinct introduction.

Following a brief clarification as to the terms of the contract length and assurances as regards the transition period of the existing to new contract, on a **MOTION** by the Chair it was:

RESOLVED

That approval be given to the award to Provider A the Provision of Contact Services for Looked After Children period of three plus two years (1+1) from 1st July 2020 to 30th June 2025 at an estimated cost detailed as detailed in exempt Appendix 3 of the report.

RELATED DECISIONS

The Cabinet Procurement Committee approved the Procurement Strategy Business Case Report at its meeting on 10th December 2018. Please see link to report below:

http://mginternet.hackney.gov.uk/documents/s63231/101218%20CPC%20Provision_of_Contact_Services%20Final.pdf

REASONS FOR DECISION/OPTIONS APPRAISAL

This report provides the Cabinet Procurement Committee with the outcome of the procurement of a new contact service contract for Looked After Children in Hackney.

Following the approval of the contract award, Officers will proceed with the Implementation of the new contract to commence operation by 1st July 2020.

The current outsourced service has continued to demonstrate an ability to respond efficiently and effectively to the demands on the service. At present the current provision is contracted to deliver 14,000 hours of contact per year, however in reality it is often 10-20% more. Therefore the new contact service provision will be expected to deliver a minimum of 14,500 hours per annum. The majority of the service will be delivered from the Ferncliff Centre, with a small amount held out of the borough.

The provider will work with the Hackney Children’s Services management team to ensure that demand is met, quality remains high and that contact is managed in the best interests of children.

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TUPE will apply to 13 permanent members of staff and possibly 9 sessional workers that may have acquired employment rights due to their length of service. This will be further ratified during the contract mobilisation stage.

Despite the increase in demand and the TUPE Implications, this procurement has achieved an annual saving of £39,454.

ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED)

Option 1 - In-source contact services (In-house provision) - This option entails integrating all contact services, by bringing the provision back in-house. The Council would incur an additional cost of £269k per annum which represents a 40% increase in the service. An in-house service also lacks the independence which is beneficial where cases are in court and evidence around contact is required.

Option 2 - Outsource to a range of outsourced providers - This option involves outsourcing the contact service to a range of providers as a framework; this option may provide a competitive market for service delivery but carries a risk of inconsistent service delivery, additional administration from liaising with multiple suppliers and additional contract management obligations to the CounPlease see section 8. In addition, the Business Case Report approved on 10th December 2019, provides a more detailed explanation.

11 Highways Maintenance Contract - Key Decision No. NH Q.57

The Chair asked for a brief introduction of the report.

The Head of Streetscene - Mr Andy Cunningham, informed the meeting of the Council's statutory duty to maintain the roads, footways and associated infrastructure within Hackney for which it was the Highway Authority. The report before the meeting sought approval to support the contractual engagement from a number of tenderers for the four elements of the overall contract and as detailed in the exempt appendices to the report. In respect of the bidders Mr Cunningham advised that Supplier B was recommended for the Civil Engineering, Supplier C for the Road Surfacing, Supplier B for Street Lighting, and Supplier A for Road Marking.

Lot

Mr Cunningham advised the meeting that the four separate lots for the contract covered the majority of the highway works undertaken by the Council. The Council needed to maintain its sustainable transport network for pedestrians, cycle users and public transport movements and to create a more sustainable highway environment. In addition to maintaining the highway network this contract was used to deliver a broad spectrum of initiatives such as LED lighting upgrades, Sustainable Urban Drainage Systems (SuDS), new cycle networks and also used to plant more trees seeking the Council's vision of a 40% tree canopy coverage across the borough. The combined predicted value of all lots was £40m over the initial 4 year period (£80m if extended for the full period).

In terms of the contract period Mr Cunningham reported that each Lot would run for a period of four years 2020 – 2024 with the option to extend for an additional 4 years (2 x 2-year extensions). The contract extension periods would be subject to the performance of the Contractor and any further discussions regarding insourcing or procurement strategy. The award of the proposed Streetscene Highways Maintenance contract would support the continued delivery of high-quality services to maintain and improve the Council's street scene, and through a strong partnership approach between the Council and their service providers works to the public realm improves the streets in Hackney would be for the benefit of all users.

Mr Cunningham asked that the Committee note that whilst the report sought approval to continue to contract out the majority of the highway disciplines of civil engineering, road

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resurfacing, road markings and street lighting works, as part of a phased insourcing programme, the activities of winter service (roads) and cyclical gully cleaning, that formed part of the previous contract arrangements, will be brought back in-house to Waste Operations from April 2020. Consideration was also being given to insourcing the responsive repairs activity for Highways, and Mr Cunningham reported that as agreed at the CPC meeting of 11th February 2019 the insourcing of the responsive repairs was likely to be in 18 – 24 months from the commencement of the new contract and would only proceed if it was considered viable.

The Chair thanked Mr Cunningham for his precise introduction and asked if there were any points of clarifications or comment from members. The Chair also commented on the positive and hard work which officers had undertaken to breaking the contract up into separate lots to increase opportunities for local SMEs to bid, as had been discussed when the contract had been reconsidered by the Committee in February 2019, and comments expressed at that time in relation to the issues of the size and length of the contracts and allowing SME's to tender for the newly proposed contracts,

Councillor Burke in echoing the Chair's expressed views commented that the report before the Committee was the result of much hard work and considerable effort to ensure the continued statutory duty to maintain the roads, footways and associated infrastructure within Hackney for which it was the Highway Authority. The work of officers to address this coupled with the exploring of possible insourcing elements of the service was an excellent example of how such issues could be addressed . Councillor Burke commended officers for their work and gave his support to the proposals.

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

RESOLVED

- i. **That approval be given to the award of the suite of Streetscene Highways Contract (4 Lots) 2020-2024; and**
- ii. **That approval be given to the option to extend each lot for an additional 4 years (2 x 2-year extensions) and to enter into the relevant contract and any other ancillary legal documentation relating thereto with the Bidders for the performance of such works on such terms as shall be agreed by the Director of Legal and Governance Services, with the contract to start on 1st July 2020 to;-**
 - **Civil Engineering Term Contract (LOT1) -Bidder B**
 - **Road Surfacing Term Contract (LOT2) -Bidder C**
 - **Street Lighting Term Contract (LOT3) -Bidder B**
 - **Road Marking Term Contract (LOT4) -Bidder A**
- iii. **That it be noted that whilst the approval to contract out the highway disciplines of civil engineering, road resurfacing, road markings and street lighting works was sought , as part of a phased insourcing programme, the winter service (roads) and cyclical gully cleaning would from April 2020, would be brought back in-house to Waste Operations, an existing in-house service provider.**

RELATED DECISIONS

The strategy for the procurement of the existing Streetscene contract with a suite of four lots (Civil Engineering, Road resurfacing, Street lighting and Road marking) was reviewed at the Cabinet Procurement Committee on 16th March 2010 and approval to award the contract with an option to extend for a period of 2 + 2 years was taken by the Cabinet Procurement Committee on 18th January 2011.

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The decision to take the option to extend the lots for a total of a four year period to March 2019 by a delegated powers report to the Corporate Director of Health & Community Services in March 2014.

The CPC meeting of 10th December 2018 requested officers to clarify and to comment further on the possible breakdown of a proposed large single contract into smaller lots and shorter contract duration periods. Officers were further requested to examine in further detail the options for possible in-sourcing of this service both wholly and partially in consideration of the recently adopted Sustainable Procurement Strategy.

The CPC meeting of 11th February 2019 approved the OJEU procurement strategy for the re-tender of the Streetscene Highways maintenance contract. Each of the four lots is to run for a period of four years 2019 – 2023 with the option to extend for an additional 4 years (2 x 2-year extensions).

REASONS FOR DECISION/OPTIONS APPRAISAL.

The Council has a statutory duty to maintain the roads, footways and associated infrastructure within Hackney for which it is the Highway Authority.

Hackney Council annually delivers a vast range of highways related services to its local community of people who live, work and spend their leisure time in the borough. The public highway maintained at public expense is an important part of the integrated transport network that supports the local economy and sustainable growth. The public highway is one of the most expensive assets that the Council owns with the gross replacement cost of replacing this asset, not including land value, has been valued at £600 million. It is a high priority of the Council to maintain and improve the highway network in order to enable safe and expeditious movement of its users throughout the Borough. This would not be possible without the support and assistance of specialist highway contractors.

In 2010, the Council awarded the Streetscene contract suite of four lots (Civil Engineering, Road Resurfacing, Street Lighting and Road Marking). Volker Highways Ltd was awarded three of the four lots (Civil Engineering, Road Resurfacing and Street Lighting) whilst Marlborough Surfacing Ltd. was awarded the remaining lot (Road Marking). These lots were all extended for a four year period that commenced on 1st April 2015. They were each extended again by a single tender action process to the end of June 2020 to facilitate the completion of this procurement process and to ensure business continuity.

The procurement model of delivering the works through four separate lots was to encourage small and medium-sized contractors and to encourage competitiveness. This did not occur as the three most high-value lots were awarded to one large contractor. This system of one contract provider worked extremely well by improving works and service delivery coordination. The benefits of giving small, medium enterprises (SME's) the ability to tender for the works are seen as equally important and the proposal to group all the works into one large contract was resisted.

Pre-tender meetings with three contractors, discussions, with other local authorities, the Head of Service (Streetscene) and Group Engineer (Highways) have agreed that the current method of 4 separate lots, with the exception of highway-related activities of Winter Service (roads) and cyclic gully cleaning that will be brought back in-house from April 2020, is a viable solution to deliver a highways service. Consideration is also being given to insourcing the responsive repairs activity although this is likely to be in 18 – 24 months from the commencement of the new contract if it is considered to be a suitable method to deliver part of the highways service.

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The local authorities canvassed have a range of three to five-year contracts with the provision to extend for additional periods of between three and five years. The extensions to these contracts are subject to satisfactory performance. A contract with a longer-term is the preferred option as it provides both the Council and contractor with long term certainty and perhaps more beneficial terms. The contractor has the ability to incorporate leasing agreements and capital investments being spread over a longer period to reduce tendered prices, such as depots, plant and equipment.

The contract will utilise the existing capital and revenue budgets during the life of the contract. The recommended contract is a 'call off' schedule of rate Term Contract which provides no guarantee of work volumes. This gives the flexibility to ensure that programmes can be met from within existing and future budget allocations.

The Schedule of Rates have been prepared in accordance with the Method of Measurement for Highway Works published by The Stationery Office as Section 1 of Volume 4 of the Manual of Contract Documents for Highway Works.

The priced contract schedule of rates that are priced by the contractor shall be used in delivering all traffic-related schemes such as cycle lanes, traffic calming, major and minor footway reconstruction schemes, major and minor carriageway resurfacing projects, street lighting upgrades and repairs, road marking renewal. The type of project will determine which items are used from the schedule of rates.

The total value of the 4 lots will ultimately be determined by the available capital and revenue budgets during the life of the contract. The estimated value of all four lots is £80m over the full eight-year term. The annual spend in recent years has been 2014/15 £7.9m. 2015/16 £12.0m. 2016/17 £10.8m and 2017/18 £10.2m. T

The predicted annual value of each of the 4 lots is:

- Civil Engineering £6.0m pa
- Road Surfacing £2.0m pa
- Street Lighting £1.5m pa
- Road Marking £0.5m pa

This contract would not prevent Streetscene or other service areas from seeking 'spot' tenders for works outside the core scope of these lots. Each of the 4 lots is for highway-related works anywhere within the Borough boundary. This includes all areas on the public highway and those off the public highway, such as council-owned roads and footways in housing estates should work be required to these areas. There is the option for other service areas within the Council to use the Streetscene Highways Maintenance Contract where there is an urgent requirement for works to be undertaken or to benchmark prices that they have received for similar projects.

This procurement has been carried out in accordance with the process approved by the Cabinet Procurement Committee in the Streetscene Highway Maintenance Contract detailed Business case (approved 11th February 2019).

The Business Case approved the OJEU procurement strategy for the re-tender of 4 separate highway maintenance lots for a period of 4 years 2020-2024 with the option to extend for an additional four years (2 x 2-year extensions).

The decision to undertake a Restricted (two-stage) tender was selected as the preferred procurement route as it provided the pre-qualification of bidders so reducing the number of bidders invited to tender to those suitably qualified and to make the tender more attractive.

In line with the Public Contract Regulations (PCR) 2015 and Council's Contract Standing Orders (CSOs), the contract was advertised on Contracts Finder and London Tenders

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Portal to ensure that we achieved the procurement principles of transparency, fairness and competition by offering the opportunity to the largest number of bidders as possible. The contract lots have each been evaluated on 30% quality and 70% price.

ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED)

Hackney Council faces significant budgetary pressures across the next few years due to ongoing Central Government funding reductions and as a result needs to continue reviewing their service provision options as they look to make efficiencies, reduce budgets and improve performance. The Highways Maintenance Efficiency Programme (HMEP) produced useful information when seeking different models of service delivery to compare and evaluate. While some authorities believe the best way of achieving these measures is through handing as much as possible over to external contractors (outsourcing), others believe bringing services back in-house (insourcing) is the more cost-effective long term option.

Option 1 - Bring all the works associated with the contract back in house.

There is a current lack of operational and supervisory experience, together with a lack of specialist plant and equipment to bring the service in-house in the short term. Because of the lack of resources, the Council would (dependent on the outcome of any TUPE transfer) need to invest in new staff with the relevant skills and experience, establish an operational base and procure the specialist equipment and vehicles required to provide a highways service.

The insourcing process will also impact upon Council Corporate services such as finance and human resources to deal with the increased number of staff. The amount of operational staff required to undertake all works in the contract would be in excess of 100 staff and it has been estimated that very few of the required operatives would transfer under TUPE as 95% of the existing operatives are employed by supply chain partners to Volker Highways Ltd. In addition to the staff requirements, it has been estimated that 30 – 50 medium-sized lorries and 20 HGV's would need to be either purchased or leased. There is a major risk to the Council that at the point of transfer there would not be any contingency arrangements in place to guarantee service delivery.

There are peaks and troughs in the works programme that affect the amount of specialist labour required at different times throughout the financial year. There are a number of activities that are completed on a daily basis (gully cleansing, responsive and planned repairs etc.) this ensures that operatives have a steady stream of work. There are however many other areas (traffic schemes, major footway & carriageway schemes etc.) that are implemented at different stages over the financial year. Whilst an outsourced contractor has the ability to move the surplus skilled operatives and specialist equipment to another contract an insourced service provider has more limited scope to transfer specialist staff on to other workstreams. The lack of staff, equipment and operational accommodation associated with insourcing all the highway maintenance activities included in the Streetscene highways maintenance contract en masse at the end of the current contract does not make this option viable and was therefore rejected.

In summary, Officers consider that this model has a limited likelihood of providing the savings and efficiencies needed. A resource shortage would be a likely outcome of selecting this delivery model as potentially only a very limited amount of employees are likely to TUPE to a completely new in-house direct labour organisation (DLO). This would leave a major gap in resources and expertise in key skilled roles and a major risk to this council in maintaining the public highway.

Option 2 - Award a single contract for all the works consisting of the civil engineering works, road resurfacing, road marking contract and street lighting contract

The general trend across London boroughs has been to award a large single highway contract, however, a number of authorities continue to award separate highways contracts. The procurement strategy promotes and encourages smaller businesses and therefore the size of this large contract could unnecessarily exclude these businesses from bidding. It should, however, be recognised that the approach of a single large contract would have encouraged SME's, albeit at the upper echelons of turnover. The National and European definition of an SME is as follows:-

- has fewer than 250 employees; and has either (a) annual turnover not exceeding £40 million or (b) an annual balance-sheet total not exceeding £34 million.

The model for a single contractor to bid for all the works in one contract was rejected as it did not encourage SME.

Option 3 – Extend the existing contract

The current arrangement was let as four separate lots and the Council has no legal basis under Regulation 72 of the Public Contracts Regulations 2015 to extend them beyond their current termination dates. However, as a result of slippage and in order to facilitate the procurement of the new contract the existing lots have been extended to ensure essential maintenance continues to be provided.

Option 4 - Share another Authority's contract.

The option for Hackney Council to work across Borough boundaries to collaborate and partner with neighbouring councils where their objectives and local services complement each other was considered. In practice for this to work, it was realised that any partner would need to be on a similar contract procurement time frame as Hackney and that any proposed contract would permit such arrangements.

A review was undertaken of neighbouring authorities to identify suitable authorities and informal discussions were held with a number of these authorities. For many, the timescale precluded any immediate interest. When considering sharing a contract, each authority would need to be satisfied that there would be mutual benefits, similar requirements, a reduction in tendering costs and savings in tendered rates.

A neighbouring Council was identified as one of the few authorities that met these mutual requirements. This Council had similar Highways maintenance requirements to Hackney Council and is considering other options to their current arrangement with London Highways Alliance contract (LOHAC).

Senior Streetscene officers met with their counterparts in a neighbouring borough during October 2017 to explore any benefits of sharing a highways maintenance contract that they were at the early stages of procuring.

The neighbouring borough would have taken the lead in managing the contract. A number of lessons were learnt as part of the review such as coordination issues between the boroughs in terms of ordering and planning of works programmes, different contract specifications & response times. A potential risk to the success of this type of arrangement surrounded which borough had priority when ordering works and projects. There was a concern that this could have led to Hackney receiving a secondary service during peak work periods.

The procurement timetable of the neighbouring borough did not align with Hackney and for this and the reasons above, this option was rejected.

Option 5 - Sign up to use the London Highways Alliance contract (LOHAC) that was promoted by TfL.

LoHAC is a framework of collaborative highways services contracts. It was developed jointly by Transport for London (TfL) and London Boroughs for the provision of highway maintenance works throughout London. It is accessible to all London Boroughs and used by (TfL) to maintain their own highway network.

London is split into four regions for the purposes of the LoHAC. These regions were chosen to maintain a manageable and sustainable contract size in the event that there was a take-up by London Boroughs. Hackney is included within the Central area.

Each framework commenced in April 2013 for a period of eight years until the end of March 2021. The successful contractor for the Central area was CVU which is a Joint Venture (JV) between Colas, Volker Highways and URS. In the Central area, the London boroughs of Camden, Tower Hamlets and Islington joined LoHAC under framework agreements as Tier 1 authorities. Hackney did not sign up as we were operating a highways maintenance contract (4 LOTS 2011 -2019).

Currently, a number of London Boroughs are actively looking to leave the contract or are considering other arrangements when their LoHAC contract ends. A West London borough previously decided not to use the framework after finding that they were more expensive than a rival bid from a contractor after going through a procurement exercise. Similarly, officers within Streetscene have undertaken extensive cost comparisons with the LoHAC rates that also demonstrated that our current contract rates were more competitive whilst providing the same level of quality.

Hackney Council will monitor the new LoHAC that is due to commence from 2021 with a view to joining the framework agreement if it proved advantageous to do so. The LoHAC would be considered as a contingency in the unlikely event the contract failed

12 Appointment of early works contractor for Britannia Phase 2a - Key Decision No. NH Q.60

The Chair asked for an introduction of the report.

The Head of Estate Regeneration Programme, Neighbourhoods and Housing - Ms Jane Havemann advised the meeting that the Britannia development would be providing a new Leisure Centre for the Britannia site, opening in March 2021, together with a new secondary school (already open on a temporary site) to meet the demand for additional school places in the borough, to open its doors to pupils at its permanent site in September 2021. Britannia would also deliver over 400 homes, including on site council housing to rent.

Ms Havemann advised the Committee that the proposed early works at Britannia Phase 2a were being brought for consideration and approval by at this stage, in order to enable the noisy and disruptive works associated with the early works to be undertaken whilst the adjacent primary school was on holiday, thereby minimising disruption to the school community. If the recommendations were agreed it was therefore intended that the demolition of the Anthology marketing suite would take place during the Easter school holidays 2020, and decontamination and piling works taking place substantively during the school's summer holiday 2020. Ms Havemann also advised that works to the school's playground would also be undertaken during that time, in order to ensure that when the school returned in September 2020, pupils would have more usable, and high quality playground space.

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In respect of the recommendation for the Committee to consider Ms Havemann advised that these sought approval to appoint a preferred contractor to undertake the early works for the development of a mixed tenure scheme which would consist of 90% genuinely affordable housing; an Early Years Centre; and associated public realm and landscape improvements, and in accordance with the provision of the Contract Standing Orders the award of contract was presented to the Cabinet Procurement Committee for consideration and approval, with the recommendation being made on the basis of both cost and quality.

The Chair thanked Ms Havemann for her succinct introduction. There being no specific points of clarification from the Committee, on a MOTION by the Chair it was:

RESOLVED

- i. That approval be given to the selection of Bidder C as the preferred contractor for the early works package for Britannia Phase 2a for the value set out in Exempt Appendix 1 of the report;**
- ii. that authority be delegated to the Director of Regeneration to make a further award of contract, being a variation of the contract in i. above , in respect of tender option 1 and/or tender option 2 as set out in paragraph 5.1.6 of the report, if required;**
- iii. that approval be given to entering into a JCT Design and Build contract 2016 and any other ancillary legal documentation relating thereto with Bidder C for the early works at Britannia Phase 2a with such terms as shall be agreed by the Director of Legal & Governance, and that the Director of Legal & Governance be authorised to prepare, agree, settle and sign the necessary legal documentation to effect the proposals contained in the report.**

RELATED DECISIONS

Cabinet considered and approved proposals to develop the Britannia Leisure Centre site in April and December 2017. This followed extensive consultation in two phases between December 2016 and February 2017 (initial concepts stage), and April 2017 until February/March 2018 (design development and detailed design/pre-planning stage) with local residents, stakeholders, the Greater London Authority, and departments within the Council, in order to arrive at a masterplan design which incorporated maximum community benefit through the provision of the new secondary school, a new leisure centre, as well as 80 genuinely affordable homes.

The Council's Planning Sub-committee resolved to grant planning permission for the Britannia masterplan (including Phase 2a) on 7 December 2018 (Planning reference: 2018/0926). In line with the primary objectives of the project, the first phase of development was to build the new Council leisure centre and secondary school on the site of the existing leisure centre (including the hard courts on Shoreditch Park). By delivering the new Council leisure centre, the project is able to unlock the rest of the existing leisure centre site for residential market sale development. This is key to the financial business case and enables the cross-subsidy required to pay for the new social infrastructure. As developer, the Council is able to prioritise the social infrastructure and affordable housing. It is also able to ensure that the maximum benefit of the market sale income is channelled into tangible benefits for the area. This first phase of work is underway, and the affordable housing in Phase 2a represents the second phase.

At its meeting in September 2019, the Council's Cabinet agreed the procurement strategy for Britannia Phase 2a; that is, to undertake procurement via the OJEU process for the main works contract, and to procure an early works contractor separately by inviting bids from a pre-approved list, selected from Constructionline.

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The development of the Phase 2a site represents an opportunity to complete upfront the affordable housing element of the Britannia Masterplan as well as delivering a new Early Years Centre on the site.

The Secretary of State for Education approval has been sought for the appropriation of the portion of land on which the Britannia Phase 2a scheme will be developed. The land is currently occupied by the Hoxton Press (Anthology) marketing suite, and the north-west portion of Shoreditch Park Primary School's playground. In order to change the use of this area, approval by the Secretary of State for Education is required. The land appropriation will also be considered by Hackney's Cabinet for approval, in due course.

The Department for Education has been consulted on the Britannia masterplan throughout the masterplan development. Secretary of State approval is not required for the works which relate to Section 1 of the early works (i.e. demolition of the Hoxton Press marketing suite proposed for April 2020). However, approval will be required prior to Section 2 of the works commencing in July 2020. This is discussed further at Section 5.2.5 below.

REASONS FOR DECISION/OPTIONS APPRAISAL.

This report outlines the process that has been followed in selecting a preferred bidder for the early works for Britannia Phase 2a.

The early works contract is being brought forward to CPC at this stage in order to enable the noisy and disruptive works associated with the early works to be undertaken whilst the adjacent primary school is on holiday, thereby minimising disruption to the school community.

The development of the Phase 2a site will contribute to delivering the Council's aspirations to make best use of Council land by building new social rented and low-cost home ownership homes, thus delivering the affordable homes within the Britannia Masterplan.

The parcel of land to be developed forms part of the Shoreditch Park Primary School's playground and currently also hosts Anthology's sales and marketing suite, which was being utilised to sell the homes in the two residential towers on the Colville Estate. Anthology's lease has expired and the Council will be in a position to take vacant possession in March 2020.

The Britannia Phase 2a early works contract requires the successful early works contractor to deliver the early works contract prior to the construction of the main buildings (via a separate main works contract) which will make up blocks H1 and H2 of the Britannia masterplan. It is then intended that the early works contractor will be novated to the main contractor who will deliver the 91 homes, Early Years Centre, associated public realm and landscape improvements.

It is proposed that the early works contract consists of two sections, both beginning during school holidays (Easter and Summer 2020) in order to minimise disruption to the adjacent school. The scope of works for each section is as follows:

- Section 1 (to commence April 2020):
 - Demolition and site clearance;
 - Site preparation;
 - Pile Probing;
 - Surveys;
 - 'Making good' the portion of the playground affected by Section 1 works.

- Section 2 (to commence July 2020):
 - Excavation and disposal;
 - Bored piling;
 - Sheet piling;

- Attenuation tank;
- Diversions (if necessary).

The adjacent primary school will also have its play areas re-provided and upgraded, as well as receiving a financial contribution through the Unilateral Undertaking for the Britannia scheme.

The construction of the site will have to be carefully managed, with logistics well thought through and considered in respect to the proximity of the primary school, and in terms of the timing of the works.

A pre-tender cost plan was prepared for the Council by its Quantity Surveyor (QS), setting out the estimated costs of construction, based on the pre-tender stage estimate and designs developed to RIBA Stage 4. The pre-tender costs pertaining to the early works are set out in Exempt Appendix 1.

It is proposed that the Council will enter into a JCT Design and Build Standard Form of Contract 2016 with the preferred bidder, with Hackney Council amendments.

ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED)

The option to 'do nothing' was considered and rejected. The Britannia Phase 2a site is a crucial part of the overall Britannia Masterplan as the affordable housing will be contained therein. This phase of the scheme therefore provides an opportunity to provide genuinely affordable housing to Hackney's residents and help alleviate the shortage of housing in the Borough.

The Council owns and manages thousands of homes in the Borough, and as such has an in-depth understanding of, and expertise in the affordable housing sector. In addition, the Council's Regeneration Division has already successfully delivered new build housing across a number of sites. Accordingly, the Council's recent approach to regeneration seeks to utilise its expertise, understanding and financial capacity to build and retain new affordable housing and outright sale homes directly through its in-house Sales & Marketing Team.

Consideration was given to procuring the early works as part of the main contract rather than as a separate contract. However, the decision was taken to disaggregate these two elements in order to ensure a start on site by summer 2020. This approach has the following benefits:

- Maximising use of the school holidays so that much of the noisy and disruptive early works (demolition, groundworks and piling) can be undertaken during the school summer holiday period in order to minimise disruption to the adjacent primary school community;
- Providing survey information early to ensure swift design and construction progress when the works on the substructure commence;
- Early de-risking of the project through establishing the extent of underground contamination and removing any obstructions identified; and,
- Providing greater certainty as regards both cost and programme, and reducing main contractor on-costs (Overhead & Profit and preliminaries). With groundworks happening during summer 2020 this should also minimise any weather delays.

An option of including the ground floor slab (and associated drainage) within the early works contract is identified as tender option 1, with the associated costs set out in Appendix 1. Options are discussed further at Section 8.1.15-8.1.17 of the report.

The deferral of the Cabinet Procurement Committee approval of the early works contract until after the Department for Education has given approval for the land acquisition at the Britannia Phase 2a site was considered. This option was rejected as it would miss the opportunity to undertake demolition and preparatory works within the Easter school holidays; delaying the works' programme, and the opportunity to maximise the use of the summer holidays for the

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disruptive and noisy works. However, should the Secretary of State approval not be secured by the programmed start on site date in July, the option to suspend the early works would need to be taken. In the unlikely event that the application to acquire the land is rejected by the Secretary of State, then the early works contract will need to be terminated.

13 ANY OTHER UNRESTRICTED BUSINESS THE CHAIR CONSIDERS TO BE URGENT

There were no items of unrestricted urgent business.

NOTED

14 DATE OF FUTURE MEETINGS

NOTED - The remaining meeting of the Cabinet Procurement Committee for the Municipal Year 2019/20 on 11 May 2020 at 6.00pm.

15 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 16-21 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/CONFIDENTIAL PROCEEDINGS

16 EXEMPT MINUTES OF THE PREVIOUS MEETING OF CABINET PROCUREMENT COMMITTEE HELD ON 10 FEBRUARY 2020

AGREED - the exempt minutes of the meeting of Cabinet Procurement Committee held on 10 February 2020.

17 Council Passenger Transport Services for vulnerable children - Key Decision No. CACH Q30

AGREED – to note and agree the exempt Appendix 1 in relation to agenda item 7 in the unrestricted part of the agenda.

18 Business Case : Young people's supported accommodation pathway - Key decision No. CACH Q51

AGREED - to note and agree the exempt Appendices 2, 4, 5 and 6 in relation to agenda item 9 in the unrestricted part of the agenda.

19 Provision of contact services for looked after children - Key Decision No. CACH Q.53

AGREED – to note and agree Appendices 1 - 4 in relation to agenda item 10 in the unrestricted part of the agenda.

20 Highways Maintenance Contract - Key Decision No. NH Q57

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AGREED – to note and agree Appendices A-C in relation to agenda item 11 in the unrestricted part of the agenda.

21 Appointment of early works contractor for Britannia Phase 2a - Key Decision No. NH Q.60

AGREED – to note and agree Appendix 1 in relation to agenda item 12 in the unrestricted part of the agenda.

22 ANY OTHER EXEMPT BUSINESS THE CHAIR CONSIDERS TO BE URGENT

Nil

Duration of the meeting: T18:00 - 19:10hrs

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