

LONDON BOROUGH OF HACKNEY
CABINET PROCUREMENT COMMITTEE

Monday, 9 November 2020

RECORD OF DECISIONS TAKEN

This document outlines the decisions taken at the above Cabinet Procurement Committee meeting.

Unless otherwise indicated, executive decisions listed in this document will come into force and may then be implemented 5 working days after publication of this document unless the decision is called in. During that period the Director of Legal & Governance

may call-in a decision for scrutiny if so required by no fewer than 5 Members of the Council (Part 4 of the Council's Constitution; Scrutiny Procedure Rules: Call-in Procedures).

Date of Publication:

10 November 2020

Last Date for Call-In:

17 November 2020

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7. Parking Services Enforcement - Business Case - Key Decision No. NH .12

RESOLVED:

- i. That approval be given to the commencement of the insourcing of parking enforcement from the external contractor before the contract expires in March 2022; and
- ii. That approval be given to the commencement of procurement exercises for the elements of service that would continue to be outsourced (Parking CCTV hardware/software and removal trucks which will follow the normal procurement process along with a business case).

RELATED DECISIONS - Not applicable.

OPTIONS APPRAISAL AND BUSINESS CASE (REASONS FOR DECISION)

This report provides the Cabinet Procurement Committee (CPC) with the results of the 'Parking Enforcement Contract Review' and the 'Parking Enforcement Insourcing Feasibility Study' along with details of the 'Parking Enforcement Insourcing Business Case' that was carried out by Parking & Markets Service since 2018 for all services that are currently outsourced to APCOA (the service provider).

8. Parking Enforcement Agents Services CONTRACT APPROVAL - Key Decision No. NH R.9

RESOLVED

- i. That approval be given to the appointment of bidders 1, 3, 5 and 6 as suppliers for the provision of Enforcement Agent Services for the collection of unpaid Penalty Charge Notices under YPO Framework;**
- ii. That it be agreed that the period of the YPO Framework contract would be 4 years commencing on 23rd November 2020 with an option for a further 1-year extension.

RELATED DECISIONS

On 7th July 2020, Hackney Procurement Board decided to commence the tender process for the use of Enforcement Agents in the recovery of unpaid PCNs.

The HPB approved business case can be found in Appendix 2 of the report.

REASONS FOR DECISION/OPTIONS APPRAISAL

The Business Case sets out the structure of the YPO framework that incorporates a minimum of two (2) and a maximum of four (4) Enforcement Agents (EA), with one EA being Primary and others becoming Secondaries, but with an opportunity to become Primary every nine months, subject to the performance of all parties on the framework.

All of the contractors will start from the same position and warrants will be equally distributed. This will be done over the first nine months, after this period the Debt Recovery Team will fully analyse the performance of each contractor and the best-performing contractor will become the Primary Enforcement Agent while the remaining contractors will become Secondary enforcement agents.

The Primary enforcement agent's performance will then be reviewed every 9 months and if the Primary enforcement agency fails to achieve a 38% recovery rate, the best performing Secondary enforcement agent will be appointed as Primary (whose performance will, in turn, be reviewed every nine months and the Enforcement Agent will be replaced if they fail to meet the recovery rate required).

Having completed the tender process, the Council has, therefore, decided that with the new competition amongst the enforcement agents to become the Primary enforcement agent, the appointment of four contractors (one Primary and three Secondaries) would provide greater dedication of resources from the contractors, especially in the number of enforcement agents assigned to Hackney cases – resulting in improved recovery rates. This reduces the risk of Secondary Enforcement Agents becoming disinterested in the Contract as they are not Primary as there will be two other agents that can pick up the work.

Further, Secondary Enforcement Agents will no longer receive an equal split of the remaining share of the warrants as before. Their share of warrants will now be based on their performance, meaning that the share of warrants may be as close as 40%, 35% and 25% or as far apart as 90%, 7% and 3% of warrants per Secondary Enforcement Agent. This, in turn, creates greater competition between the Secondary EAs.

9. Provision of Vehicle Maintenance - Business Case - Key Decision No. FCR R.8

RESOLVED

- i. that the detailed business case for insourcing the Vehicle Maintenance Service and the associated business risks highlighted in the report be noted; and**
- ii. that approval be given to insource the Vehicle Maintenance Service and for the in-house Service to be operational by April 2021.**

RELATED DECISIONS

The current contract for vehicle maintenance was approved, in line with Contract Standing Orders, under a Delegated Powers Report to the Chief Executive in July 2019. The extension of that contract for a period of seven months (1st September 2020 to 31st March 2021) was approved by the Director of Financial Management, deputising for the Group Director of Finance and Corporate Resources, in August 2020.

OPTIONS APPRAISAL AND BUSINESS CASE (REASONS FOR DECISION)

Quality vehicle maintenance provision is vital to supporting vehicle dependent frontline services such as Waste Services, Adult Social Care, SEND Transport and many others. Since 2007 this service has been outsourced and provided through two consecutive contracts, the latter of which expired in September 2018 but was extended for 12 months while the Council tendered for a new outsourced service provider.

An OJEU compliant process via an established framework was followed but despite initial market testing suggesting strong interest in the contract, only one supplier on the framework responded to the tender. The procurement process failed to deliver a successful outcome and the process was abandoned in June 2019. Under the 'delegated powers' of the Chief Executive a short term interim contract was awarded to a local family run business for a 12 month contract whereby officers would use this time to explore options for bringing the service back in-house or other forms of service provision.

Fleet Management officers, working with Finance and Procurement colleagues, have concluded that an in-house service managed by the Corporate Fleet Manager is the most practical and cost effective option for delivering the service beyond the term of the current interim arrangement and provides tangible scope for the vehicle maintenance function to support the Council's 'clean fleet' strategy.

Whilst an insourced service is not without risks, with recruitment and retention of good quality staff in a highly competitive market being the primary risk, it is feasible that with good remuneration packages linked to investment in people the Council could operate a stable in-house quality service. A full table of risks is available within the body of the corresponding report attached as Exempt Appendix 1.

A table representing the relative costs for service provision, based on the chargeable labour hours and parts spend during the 12 months from 01/09/2019 to 31/08/2020, is located in Exempt Appendix 2.

10. Provision of insurance services for leasehold right to buy property (excluding provision of Insurance Broker Service) - Contract approval Key Decision No. FCR R.7

RESOLVED

- i. That the procurement process used for the procurement of leasehold buildings insurance, be noted; and .
- ii. that approval be given to the award of the leasehold buildings insurance contract to Insurer B for a period of 3 years (with provision to extend for 2 years) following a 30 day statutory consultation with leaseholders.

RELATED DECISIONS

Business case and Risk Assessment (Low Risk) approved by the Group Director of Finance & Resources prior to issuing the Invitation to Tender.

REASONS FOR DECISION/OPTIONS APPRAISAL

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

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

The current insurance contract was last tendered in 2015 and the appointed Insurer agreed to a 5 year (including a two year optional extension) contract, renewable annually, which expires in March 2021.

Having sufficient insurance cover is a risk management control for the Council without which it would have to meet the cost of any claims and would effectively be in breach of its lease obligations as a landlord.

The full premium is recharged to leaseholders via the existing service charge process managed by Hackney Housing. Purchasing the insurance via a market exercise ensures that the Council can demonstrate that it is seeking to procure the policy on the best available terms.

Terms have been sought on cover no less comprehensive than those currently in place. Where it was felt appropriate, based on the claims experience and observations from stakeholders, improvements to the cover provided were requested.

ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED) There are no feasible alternative options available to the Council.

11. Telephony Procurement - Business case - Key Decision No FCR R 14

RESOLVED

- i. That approval be given to the procurement of a ‘Communications as a Platform’ service and ‘contact centre software’ solutions;**
- ii. That the procurement be approved via the Digital Marketplace (G Cloud 12 - RM1557.12), or an alternative Crown Commercial Services framework consistent with the Council’s contract standing orders; and**
- iii. That the contract award decision be reviewed in December 2020.**

REASONS FOR THE DECISION

This report seeks approval for the preferred procurement route for telephony.

The current contract, procured in 2016, expires in May 2021. By procuring the service now we minimise the risk of disruption to the service caused as a result of delays in the project to transition from our current provision.

The proposal reflects the Council’s commitment to buying technology in a way that encourages collaboration, re-use, investment in internal skills and partnerships with local SMEs.

ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED)

There are a limited number of viable alternatives. There is no prospect of residents not needing to call us in the next three years. The Council could not provide the infrastructure necessary to run telephony in-house.

The main alternative technical category would be a ‘unified communications as a service’. The purpose of UCaaS is to have a single ready-made platform through which organisations access different services, such as phone, video calling, call recording and so on. We have rejected this category because we believe that a unified approach would:

- Involve greater compromises of how the solution meets specific user needs (eg. some UCaaS providers excel at contact centre solutions, others at telephony)
- Increase the risks associated with vendor lock-in
- Reduce our overall agility - whether operational flexibility or adaptability to changing technology
- Require us to develop skills in a single solution and therefore the skills would be less transferable

12. The General Construction Consultancy related framework)Framework 2) - Contract Award - Key Decision No. FCR R.15

RESOLVED

That approval be given to awarding the contract for the four year General Construction Consultancy Related Framework Agreement (Framework 2) to:

a) Lot 4 - Multi-Disciplinary Building Surveying led Services:

Bidder A, Bidder B, Bidder C, Bidder D and Bidder E

b) Lot 5 - Multi-Disciplinary Design led Services:

Bidder A, Bidder B, Bidder C, Bidder D and Bidder E

c) Lot 7 - Complex Project Management (Employer's Agent):

Bidder A, B, C, D, E and F

d) Lot 8 - Cost Management Services (Quantity Surveyors)

Bidder A, B, C, D and E

e) Lot 9 - Facilities Management - Not proceed with an award

RELATED DECISIONS

The Hackney Procurement Board meeting of 11 July 2017 agreed to procure a four-year General Construction Consultancy related Framework ("Framework 2") under an OJEU Restricted procedure to replace the majority of services covered by two existing frameworks due to expire on 31 December 2017.

REASONS FOR DECISION/OPTIONS APPRAISAL.

The four-year Framework is one of two re-procurements to address the expiration of two previous frameworks: 1) the Professional Services Framework and, 2) the Employer's Agent Framework. Both of these frameworks were identified as a critical requirement to support the Council to deliver its strategic vision and support Corporate & Finance, the Housing & Neighborhood and, by extension, the Education Directorates.

The following options were considered at business case stage and rejected:

- a) Not to reprocure - this was rejected as the framework was essential to the Council's delivery of its strategic vision on property and development delivery.
- b) To use existing third party frameworks - officer research, at the time, identified no suitable frameworks and so this procurement option was not pursued.

The Restricted Procedure ensures that only high quality, skilled providers will be selected to the Framework.

The Framework lot structure was developed jointly with the Directorates with the aim of leveraging greater efficiencies and to establish a Council quality standard for consultants on major and planned works. The Framework has the flexibility for call offs via mini competitions, or where urgent, through direct award, but only within tightly defined conditions.

Mini-competition call offs will retain competitive pressure, with suitably qualified providers, based on project specific requirements.

To mitigate the risk of poor performance or the withdrawal of a provider the top 5 scorers have been selected in each Lot based on the Most Economically Advantageous Tender based on both price and quality.

Since the procurement commenced, with the exception of daylight and sunlight services (Lot 13), there are now a number of third party frameworks available which can provide the services intended to be covered by: Lots 6 (Simple Project Management); 10 (Planning Consultancy); 11 (Mechanical and Electrical Engineering); 12 (Structural and Civil Engineering) and 15 (Fire and Safety Services). For daylight and sunlight services it is proposed to either continue with project specific purchases or consider an alternative procurement arrangement possibly with a partner public sector organisation.

The Contract Notice for the Framework includes no provision to be extended beyond the four year term.

The Framework does not guarantee work to any Lot provider.

Framework 1 was awarded in January 2018.

Exempt Items Item 16-20

The exempt appendices detailed in Items 16-20 in relation to Item 7-10, and 12 above were noted and agreed without discussion.

Duration of meeting - 17.00hrs - 18.35hrs.

