

**DRAFT UNRESTRICTED MINUTES OF CABINET PROCUREMENT AND
INSOURCING COMMITTEE**

MONDAY 17 JANUARY 2022

The meeting was live-streamed here: https://youtu.be/Z1U_3MS7UQQ

Chair	Cllr Robert Chapman, Cabinet Member for Finance
Councillors Present:	Cllr Anntoinette Bramble, Deputy Mayor (Statutory) and Cabinet Member for Education, Young People and Children’s Social Care Cllr Christopher Kennedy, Cabinet Member for Health, Adult Social Care and Leisure Cllr Caroline Woodley, Cabinet Member for Families, Early Years and Play.
Apologies	None
Officers in Attendance	Rotimi Ajilore, Head of Procurement Andrew Spragg, Governance Services Manager
	<u>Remote attendees</u>
	Karim Ali, ICT Contract Officer, Hackney Council David Borrell, Senior Surveyor, Hackney Council Eamann Devlin, Commissioner, Mental Health & Prevention, Hackney Council Oliver Martin, Public Space Surveillance Manager, Civil Protection Service, Hackney Council Cate McLaurin, Head of Delivery, ICT, Hackney Council Andy Wells, Civil Protection Service Manager Community Safety, Enforcement and BR, Hackney Council

1. APOLOGIES FOR ABSENCE

There were no apologies for absence.

2. DECLARATIONS OF INTEREST - Members to declare as appropriate

There were no declarations of Interest.

3. URGENT BUSINESS

There were no items of urgent business.

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

There were no representations received.

5. TO CONSIDER ANY DEPUTATIONS, QUESTIONS OR PETITIONS REFERRED TO THE CABINET BY THE COUNCIL'S MONITORING OFFICER

There were none received.

6. UNRESTRICTED MINUTES OF THE PREVIOUS MEETING

RESOLVED:

That the unrestricted minutes of the Cabinet Procurement and Insourcing Committee, held on 6 December 2021, were approved.

7. CACH Q95 Mental Health Accommodation - Contract Award Report

7.1 The Commissioner, Mental Health and Prevention introduced the report highlighting the following points:

- The report covered a request for a two year contract which would be for payment by activity as opposed to a fully commissioned service
- One of the dilemmas involved with this work was that the provider had indicated increased costs over the preceding years and there was a growing gap between the funding and the costs
- An agreement was negotiated by the Council whereby payment would be by activity based on the occupancy of Hackney residents
- The service covered non-Hackney residents. Moving to a transition would be a cost neutral arrangement and would allow the provider to be more sustainable over the next two years when the Council moves to a fully payment by activity model

7.2 Councillor Kennedy thanked officers for their work on this report. He highlighted paragraph 6.2 in the report which stated that; 'The arrangement whereby Hackney has to pay for non-Hackney residents will come to an immediate end. AIHA will be enabled to sell a limited number of bed spaces to other funding authorities or for privately funded placements'. Councillor Kennedy sought

reassurances that the Council would not be entering into such arrangements again where the Council ended up paying for non-Hackney residents.

- 7.3 The Commissioner, Mental Health and Prevention replied that the service being provided was very specific to the Orthodox Jewish community. Some of those demands were coming from outside Hackney and were increasing. The contract was sustainable for the provider, as they were receiving referrals from other areas which the Council had previously put limits on the numbers that could be taken. The hybrid model that was now being taken forward would mean that the cost effectiveness for the Council was improved and it was more sustainable financially for the provider. The negotiated agreement would work for both parties, firming up the arrangements and would also help the provider to serve their community beyond the borders of Hackney.
- 7.4 Councillor Woodley sought clarification on whether those who were receiving the payments in accommodation were still to be taken care of. It was understood that what was proposed was a more efficient commissioning process, however it was a unique neighbourhood in Stamford Hill and the Councillor wanted to ensure that the community involved had co-production in these arrangements.
- 7.5 The Commissioner, Mental Health and Prevention replied that the Council had engaged with the provider as well as taking into account the considerations for the wider community. All the current residents that remained had begun to be regularly reviewed and had also been contacted by the local mental health trust so that there had not been any changes with their needs in recent years. The Council had ensured there was a process to update all reviews so that there were no changes to the support and care being provided and it would continue and be sustainable for all concerned. The Commissioner, Mental Health and Prevention stated that he had undertaken a site visit in the summer of 2021 and had spoken to local residents who were both impressed and satisfied with the support and care that was being provided.
- 7.6 The Chair raised a question regarding paragraph 5.5.5 (fourth bullet point) in the report which stated that; 'AIHA has developed its own unique model of provision which is a mix of care and support and is different from that which Hackney wishes to commission'. The Chair queried whether this wording was an error in the report as he would expect the provider to be providing what we need and not what suits just their business model.
- 7.7 The Commissioner, Mental Health and Prevention replied that this section of the report was a reference to how there was a mix of needs in each service. The service was bespoke to the community with the practicalities of a mixed level of needs in each service; this was not typical. The Council would normally commission high support needs for individuals who require high support, for example, within a single service. Typically if the Council was commissioning a wider service there would be a wider element. There was more of a need because it was specifically for the Orthodox Jewish community with a need to be pragmatic about the mix of residents. The Council's approach was almost starting from a blank page and if it was not for a specific community the Council might commission all high or all medium support. The Commissioner, Mental

Health and Prevention stated that there was a slightly different characteristic around the resident blend but there was no different way to provide the support.

- 7.8 The Chair questioned whether there were any particular risks involved in the Council undertaking this approach.
- 7.9 The Commissioner, Mental Health and Prevention replied that there were no risks to the residents and their care and well-being. Where there were additional care support needs for individuals some individual care packages were funded separately. The Council was confident the residents were getting the care and support they required.
- 7.10 The Chair raised a query in relation to paragraph 6.4 of the report regarding savings, The report stated that the savings were an estimate and could not be guaranteed. The Chair asked about the particular risks involved with this.
- 7.11 The Commissioner, Mental Health and Prevention replied that that section of the report was taking into account future admissions as the Council could not predict the exact level of need for each individual Some individuals may require additional staff being brought in. Typically when the Council in the past three years had renewed the previous admissions the Council was confident that the cost was very unlikely a risk to costs because the contract was for payment-by-activity, therefore the Council could not exactly predict every element of need for the future if someone was admitted in for example in six months time what that would be. In terms of the overall cost to Hackney Council there would be additional costs for care packages for those residents with very high needs. The Commissioner, Mental Health and Prevention stated that there were no financial risks but also there was no 100 percent guarantee on saving.

RESOLVED:

That the Cabinet Procurement and Insourcing Committee:

Agreed to award Agudas Israel Housing Association (AIHA) a contract to deliver the Orthodox Jewish mental health accommodation based support service for a term of two years. This follows a direct negotiation as approved by the CPC in September 2018.

8. FCR S046 Public Space Surveillance (PSS) Monitoring contract

- 8.1 The Civil Protection Service Manager Community Safety, Enforcement and BR introduced the report highlighting the following points:
- The report for the tendering of the public space contract which saw staff monitor the Council's Closed Circuit Television (CCTV)
 - The report contained two recommendations:
 1. To approve an extension of the current contract to 30 November 2022;
 2. To approve the procurement strategy set out in this report for the procurement of a new Public Space Surveillance Monitoring contract commencing 1 December 2022

- Extensive appraisals had been carried out to check the viability of insourcing the service for the new contract
- The current service provider was from the private sector and the service was currently delivered with the employment of one Operations Manager, four team leaders and eight operators
- The current contract had excellent retention with the average time in post for staff being 4.7 years. The longest serving member of the team was 12 years and between the entire team they had in total 61 years of monitoring CCTV in Hackney. This was a significant factor in the excellent reputation that Hackney has with other local authorities, the Home Office and various Police forces including the Metropolitan Police Service who were the Council's main partner in relation to community safety and crime reduction
- Five options had been outlined in the report:
 1. Insource and cease licensable activity, to remove the need for licensing
 2. Insource and obtain 'non front line' Security Industry Authority (SIA) licences for all suitable staff and Councillors. This would be required to comply with information management law;
 3. Let a new 'out-sourced' contract using similar terms and conditions for staff to the existing contract
 4. Let a new 'out-sourced' contract using enhanced terms and conditions for staff, bringing their terms and conditions in line as much as possible with Council staff
 5. To set up an independent trading company to undertake the PSS monitoring service
- All five options were carefully considered and option 3 was identified as the preferred option
- Currently the existing contract had met its initial contractual objectives and was very successful. It had made a dramatic contribution to the safety and security of the residents of Hackney and the Council were satisfied with the service that had been provided
- In a strategic context the Mayoral aim of the prioritisation of the quality of life in the borough by making streets safer was addressed by PSS Monitoring
- Cameras were also monitored by some social landlords, Homerton Hospital, London Property Services as well as the Housing Service. These were all stakeholders in the service
- All external cameras were recharged to the service, which makes a significant financial contribution to the overall running of the service and the network of cameras
- A benchmarking exercise was undertaken comparing Hackney's service with those of four other London boroughs. Hackney's existing arrangement was found to be competitive on cost

8.2 The Chair questioned the benchmarking exercise that had been undertaken. It was noticeable that three out of the four boroughs were insourcing their PSS monitoring service. The Chair sought clarity on what those three local authorities were doing differently to Hackney.

- 8.3 The Civil Protection Service Manager Community Safety, Enforcement and BR replied that the Council's Civil Protection Service had established partnerships with registered social landlords to use the cameras on their estates to improve the life of the residents. He highlighted that the Council had gone through a period of releasing assets to social landlords and many of those estates had had their fair share of issues. The registered social landlords were unable to successfully monitor their own CCTV equipment and the Council had stepped in to help. The Civil Protection Service Manager Community Safety, Enforcement and BR highlighted that the law currently states that when cameras are monitored that belong to someone else and are under a contract all the employees involved in that operation have to have a SIA licence. This would include all employees up to director level. The SIA had interpreted the law, in terms of the role of director to include Councillors. If the Council continued to monitor the CCTV in-house, involving approximately 100 staff, it would need a SIA non-frontline operating licence at a significant cost. The Civil Protection Service Manager Community Safety, Enforcement and BR added that if any of those 100 staff were unable to obtain their SIA license then the whole service would have to cease operating.
- 8.4 The Chair questioned why none of those aforementioned circumstances, outlined by The Civil Protection Service Manager Community Safety, Enforcement and BR, did not apply to the other London Boroughs included in the benchmarking exercise.
- 8.5 The Civil Protection Service Manager Community Safety, Enforcement and BR replied that those boroughs were only monitoring Council cameras on the streets.

RESOLVED:

That the Cabinet Procurement and Insourcing Committee:

- 1. Agreed to approve an extension of the current contract to 30 November 2022**
 - 2. Agreed to approve the procurement strategy set out in the report for the procurement of a new Public Space Surveillance Monitoring contract commencing 1 December 2022.**
- 9. FCR S047 Selection of a contractor for the construction of primary care surgeries at land at rear of 2-28 Belfast Road, N16, and The Portico, 34 Linscott Road, E5 - Contract Approval**
- 9.1 The Senior Surveyor introduced the report highlighting the following points:
- The report was unusual in that it was asking the Committee to agree to the delegation of the final contract to award the winning tenderer for reasons of timeliness and in the current construction market
 - The construction market was currently experiencing a period of extensive cost inflation and the report requested that the decision to delegate so that the Council can be more flexible and capture the tender returns and the fixed costs set out in those returns
 - The report also contained an update on the Selection Questionnaire (SQ) stage and the results of that work that had been undertaken

- The report contained two recommendations:
 1. Agree to delegate the approval of the Contract Award for the construction of a primary care surgery at land to rear of 2-28 Belfast Road, N16 and The Portico, 34 Linscott Road, E5 to the Group Director of Finance and Corporate Resources in consultation with the Mayor and Director of Strategic Property Services, and authorise the Director of Legal & Governance to agree and enter into all necessary legal documentation in connection with such contract award
 2. To require the Director of Strategic Property Services to submit to the Cabinet Procurement and Insourcing Committee an updated Contract Award Report to the next available committee meeting after approval of the Contract Award by the Group Director of Finance and Corporate Resources.

- 9.2 Councillor Kennedy commented that he had been involved with the process from the start and he raised concerns about the speed of the process and how it did not fit in with the timelines of the Council's meeting papers approval processes.

- 9.3 The Senior Surveyor replied that the Council was operating in a climate currently experiencing the effects of Brexit and the pandemic. He added that he was unable to comment on Council policy but in terms of the report it was a live issue and how long the current circumstances would last was difficult to determine.

- 9.4 The Head of Procurement concurred that it was a difficult situation. The governance processes set by the Council for reports stipulated that they had to be submitted two to three weeks ahead of CPIC meetings. In terms of the construction market, the Head of Procurement stated that in regards to the report it was a unique procurement. The processes being used and then aligning them with the timing with the reports for the CPIC was a challenge for this particular project.

- 9.5 Councillor Woodley commented that she understood that currently it was a sellers market but she was seeking reassurances about the KPIs, as one of the sites was in her ward.

- 9.6 The Senior Surveyor replied that his team was working closely with the Inclusive Economy Team and the Employment Skills template was part of the documentation. The Senior Surveyor stated there was a requirement for all bidders to complete that form and to comply with the policy.

- 9.7 The Chair sought clarification on one section in the report that stated that the schemes would be self-financing over an indicative 30 year term but in another part of the report it stated that the leases were for 20 years.

- 9.8 The Senior Surveyor replied that leases for primary care surgeries were 20 years long which was within market norms and would attract the best rent. The decision was made at a Hackney Council Cabinet meeting, with the Finance Team's input, that the Council would look at a return over a 30 year cash flow. The Senior Surveyor highlighted that by the time the work was delivered, 12

plus years, and primary care was brought forward in the borough, there would be a lease renewal at the expiry of the initial lease grant. It was seen as relatively low risk to those fundamentals.

- 9.9 The Chair queried if there was an expectation that at the end of the 20 year lease there would be renewal of a new lease.
- 9.10 The Senior Surveyor replied that it was the market norm for a lease on a new Doctors surgery.
- 9.11 The Chair queried a reference in the report to 'Treasury decision' and whether that was referring to approval from HM Treasury.
- 9.12 The Senior Surveyor clarified that this was a reference to Hackney Council's Finance department.

RESOLVED:

That the Cabinet Procurement and Insourcing Committee:

- 1. Agreed to delegate the approval of the Contract Award for the construction of a primary care surgery at land to rear of 2-28 Belfast Road, N16 and The Portico, 34 Linscott Road, E5 to the Group Director of Finance and Corporate Resources in consultation with the Mayor and Director of Strategic Property Services, and authorise the Director of Legal & Governance to agree and enter into all necessary legal documentation in connection with such contract award.**
- 2. Agreed to require the Director of Strategic Property Services to submit the Cabinet Procurement and Insourcing Committee an updated Contract Award Report to the next available committee meeting after approval of the Contract Award by the Group Director of Finance and Corporate Resources.**

The Committee noted the agreed appendix.

10. FCR S050 Variable Data Print procurement

10.1 The Head of Delivery, introduced the report highlighting the following points:

- There was one recommendation in the report:

Cabinet Procurement and Insourcing Committee (CIPC) was recommended to approve the award of a 4-year contract, via the Crown Commercial Services framework RM6017 for Postal Goods, Services and Solutions (Lot 7: Hybrid Mail, Digital And Transformational Communications) to 'Supplier A' for the estimated contract value of upto £3.5M

- The contract was for where the Council's in-house print service did not have the specialist print equipment needed to do some work at short notice at high volume

- It was intended to enhance the in-house print service not replace it
 - The incumbent supplier had won the tender so there was no change in supplier
 - The current supplier was based in E16, so travel time was reduced and all their vans were electric. There were clear KPIs for reducing and recycling paper use. Also as part of their bid the current supplier had also outlined their use of green energy
 - The current supplier had also made a commitment to all their employees being paid at least the London Living Wage and to recruit locally in London and in particular Newham where the business was located. The Council was also asking for them to make further commitments around apprenticeships in the contract implementation.
- 10.2 Councillor Woodley raised a question about fluctuating costs and the unpredictability of print costs increasing and if there was anything the Council could do to control paper costs.
- 10.3 The Head of Delivery replied that the use of the greenest paper possible was already included in the contract and the Council would be unlikely to store large amounts of paper on Council premises.
- 10.4 The ICT Contract Officer stated that certain Council services already bulked buy paper ahead of time and were storing some paper on site.
- 10.5 The Head of Delivery commented that where possible, work was being undertaken with Council Services to reduce paper use and to digitise their services. Considering the experience of local residents, the Council was seeking to reduce the spend of the contract over the four years as the Council changed the way it provides those services to residents.
- 10.6 The Chair raised a question about the sustainability and financial ramifications for the contract.
- 10.7 The Head of Delivery replied that, as part of the contract implementation, the Council wanted further commitments from the supplier regarding their use of apprenticeships. As mentioned, the provider had already begun to recruit locally as well as thinking about local training but the Council would like them to go further.
- 10.8 The Chair thought it would be helpful if the Committee could know what the service had asked for and what had actually been received.
- 10.9 Deputy Mayor Bramble raised a question about the amount of investment that the Council had put into outsourcing and how this compared to if the service had been insourced instead.
- 10.10 The Head of Delivery replied that one of the steps the service was taking with the contract was to first consider if the work could be done in-house. The Committee noted that The Head of Delivery also ran the print room and that the service was currently examining how it could be best used. The Head of Delivery wondered if new equipment could be installed with a view to the Council reducing outsourcing as much as possible by using in-house services

in a better way. The Committee noted that some of the contract was for specialist printing equipment that would require heavy investment and would only be used a small amount during the year. The Head of Delivery stated that the Council would not want the equipment sitting around unused. In terms of the Council's printing of letters and brochures, which historically were printed through use of an outsourcing contract, talks were currently underway to see if in-house services could be used instead with only an outsourcing contract being used if the print room could not meet the need.

- 10.11 Deputy Mayor Bramble commented that she would like to see in the contract more insourcing. Deputy Mayor Bramble noted The Head of Delivery's point about purchasing costly equipment that might only be used once a year, however, sometimes the Council would have to communicate to local residents so a printing service would be needed. Over the next four years there had to be a real commitment to insourcing print services.
- 10.12 The Head of Delivery agreed with Deputy Mayor Bramble, stating that greater consideration needed to be given to the impact of the service on residents. There had to be more joined-up communications and where a letter, for example, had to be printed it had to be of the highest quality and where an alternative approach was required then service should take the necessary steps.
- 10.13 The Chair stated that it would be useful for the Committee to be updated at some point in the future on how negotiations and discussions were going regarding the community benefits that would be delivered as part of the operation of the contract. The Chair added that this did not necessarily require a full report to the Committee.
- 10.14 The Head of Delivery agreed that an update would be provided to the Committee at an appropriate point in the future.

RESOLVED:

That the Cabinet Procurement and Insourcing Committee:

Agreed to approve the award of a 4-year contract, via the Crown Commercial Services framework RM6017 for Postal Goods, Services and Solutions (Lot 7: Hybrid Mail, Digital And Transformational Communications) to 'Supplier A' for the estimated contract value of up to £3.5M.

11. Any Other Unrestricted Business the Chair Considers To Be Urgent

11.1 There was no other urgent business to consider.

12 Dates Of Future Meetings

2022

14 February, 7 March and 11 April.

End of Meeting

Duration of the meeting: 7:00pm - 7:55pm

Contact:

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