

**UNRESTRICTED MINUTES OF A MEETING OF THE CABINET PROCUREMENT
COMMITTEE****MONDAY 18 JANUARY 2021**

Chair	Cllr Deputy Mayor Rebecca Rennison in the Chair
Councillors Present:	Councillors Deputy Mayor Anntoinette Bramble, and Cllr Caroline Woodley
Also in attendance:	
Apologies:	nil

Officers in Attendance	Mr Rotimi Ajilore – Head of Procurement Ms Dawn Cafferty – Category Lead Social Care Ms Judith Hughes – Category Lead – Corporate Ms Candace Blomfield - Category Lead -Category Lead (Construction and Environment) Mr Patrick Rodger - Senior Lawyer – Procurement - Legal & Governance Mr Chris Trowell - Director - Regeneration Ms Jane Havemann - Head of Estate Regeneration Programme Ms Anna-Elisabeth Guelzow - Project Manager Regeneration & Capital Programme Delivery Ms Sharon Ellis -Strategic Commissioner - OP and LTC Mr Andrew Trathen - Public Health Consultant Ms Jade Mercieca -Strategic Procurement Manager (Interim) Central Procurement Team Ms Merle Ferguson - Procurement Strategy & Systems Lead Mr Clifford Hart – Senior Governance Services Officer – Legal & Governance
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1 APOLOGIES FOR ABSENCE

There were no apologies for absence.

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At this point in the proceedings the Chair placed on record her thanks on behalf of the Committee to former Councillor Burke (who stepped down as a Councillor on 31 December 2020) for his considerable efforts and work whilst serving as a Member of the Cabinet Procurement Committee.

NOTED

2 Urgent Business

There were no items of urgent business.

The Chair however advised there was a supplementary report in respect of agenda item 9 - as this was for noting only there was no requirement to record reasons for lateness but more that the supplementary report slightly amended some of the originally circulated report, but did not in any way affect the recommendations for the Committee to consider.

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.

NOTED

5 DEPUTATIONS/PETITIONS/QUESTIONS

There were no deputations, petitions or questions.

NOTED

6. DRAFT UNRESTRICTED MINUTES OF THE CABINET PROCUREMENT COMMITTEE HELD ON 7 DECEMBER 2020

RESOLVED

That the unrestricted minutes of the meeting of Cabinet Procurement Committee held on 7 December 2020 be confirmed as an accurate record of the proceedings.

7. Independent Mental Health Network Service - Contract Award Report - Key Decision No.CACH R.34

The Chair asked for a brief introduction of the report.

The Public Health Consultant - Mr Andrew Trathen advised that the report before the Committee proposed that the existing Integrated Mental Health Network contract due to end on 1 February 2021 be extended to 31st March 2023. The original contract began in February 2015 for an initial 3 years with 2 options to extend for 12 months each time. A single tender action was agreed in December 2019 for a period of one year from 2 February 2020.

Mr Trathen further commented that during 2019 and early 2020, Commissioners worked with stakeholders to co-design a new model for delivering the Integrated Mental Health Network (known as the Wellbeing Network), with a view to go out to tender in the summer of 2020. Following a significant period of consultation and engagement the service specification and business case was being drafted when the Coronavirus was pronounced a global pandemic, creating a public health emergency. The LB Hackney, as a lead institution for developing and implementing emergency planning, prioritised its Covid-19 response, and therefore this meant that the officers associated with this work, from Hackney's Public Health and Adult Commissioning teams did not have capacity to oversee the procurement of this service, because they played key roles in delivering the Council's Covid19 response.

Mr Trathen went on to advise that the Council went to the market in July 2020 to ascertain bidders' preparedness for engaging if the service was put out to tender in November 2020. The response rate was significantly lower than previous market engagement activities in November 2019 and January 2020. On this occasion, only six organisations responded as opposed to nine in November 2019 and 25 in January 2020. As detailed within the report Mr Trathen commented that all six providers affirmed their willingness to participate, however they also raised concerns about the limitations presented by a short notification period, service delivering in a pandemic, mobilising staff teams impacted by Covid19 (illness, reduction in staffing levels). As a result it was not felt possible to proceed with proposed procurement, and following discussions with the existing provider, that the contract extension would be sought, which would allow for a robust analysis of need and redesign to ensure the new service model was fit for purpose and responsive to the needs of the community, particularly those who have been underserved.

The Chair thanked Mr Trathen for his succinct introduction. In seeking points of clarification from the Committee the Chair commented that whilst the reasons for the proposed extension was clear, and members were sympathetic to the reasoning and decision reached in terms of the required extension, it was hoped that there would no further extension needed and officers were able to carry out a robust redesign to be brought forward for agreement. The Chair also hoped that every effort would be made to explore the possibility of an in-house provision.

In response Mr Trathen advised that officers would be working on all options available for the new contract provision and possible hybrid/combined

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approaches which would likely attract a wider range of organisations. The insourcing option would be for the time being only be a possible option.

In response to further points of clarification from Members Mr Trathen advised that the

Deputy Mayor Bramble commented that in support of the extension, it was positive to see support for a range of communities i.e the vietnamese community etc, and reference to young black men in the community but no specific mention of bespoke support given that this was one of the Council's themed approaches across services, but whether this was an appropriate forum to mention this, at this juncture.

In response Mr Trathen advised that as part of key performance indicators the issue of addressing inequalities within specific communities i.e young black men would be picked up, and that these types of issues would be focused upon within the new proposed framework, recognising that it was important in terms of the scope/range of required work as part of the capacity building for the overall new framework.

In welcoming the response Deputy Mayor Bramble commented that it was the element of bespoke services that would reach out to this community, and that it was evident from the comments that this was recognised, but that without that specific bespoke element there could be likely issues of not getting that support across. Deputy Mayor Bramble thanked Mr Trathen for this reassurance.

Councillor Woodley commented that she welcomed the direction of travel for the proposals and touched on paragraph 5.3 of the report and the time frame element of seeking providers in July 2020 and whether the response had been solely due to the current COVID situation, or if indeed the time period of inviting responses had been sufficient.

In response Mr Trathen commented that whilst the time from for July 2020 had been quite tight it was evident that from the six expressions of interest there was not currently a market for what was being sourced and therefore the extension of the existing contract was required. It was hoped that in reshaping the requirements of a new contract in the time frame that the proposed service would attract a far wider audience.

The Chair, in thanking Mr Trathen, commented and reiterated her early comments in terms of the new contract to be worked upon and the hope that in two years there would not be a need for a further contract extension.

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

RESOLVED:

That approval be given to the award, and extension of the Integrated Mental Health Network (Wellbeing Network) contract to Mind for a term of two years and two months, the total contract value being £1,344,250 per

annum, totalling £2,912,542 for the extended contract period from 2nd February 2021 to 31st March 2023..

RELATED DECISIONS

Not available.

REASONS FOR DECISION/OPTIONS APPRAISAL.

The original contract began in February 2015 for an initial 3 years with 2 options to extend for 12 months each time. A single tender action was agreed in December 2019 for a period of one year from 2 February 2020. With this contract ending on 1st February 2021 this report requests an extension of the existing contract through a contract award of up to 26 months for the reasons set out below.

8. **Marian Court - Main Contractor Award of Contract - Key Decision No NH P62**

The Chair asked for an introduction of the report.

The Project Manager - Ms Anna Elisabeth Guelzow, advised the meeting that as part of the approved July 2011 Estate Regeneration Programme, and approach to the development of a strategy for the delivery of high quality new build housing and improved living standards across a number of housing estates in the borough, and subsequent updates in March 2014 and October 2015, a further update was more recently provided and approved by Cabinet in April 2019, which also agreed a portfolio as opposed to a site-by-site approach to the regeneration of its housing estates, enabling the Council to combine the development of schemes which had potential to generate a surplus with those that required a net investment. The value created by the outright sale units to be delivered at Marian Court would help to fund the delivery of new social rented and shared ownership homes on the Marian Court site.

Ms Guelzow further commented that following Cabinet's approval of the procurement strategy for Marian Court in November 2017 of which consisted of the final phase of the Bridge House and Marian Court estate regeneration. Through the self-funded, self-delivery model 115 high quality homes for social rent had been built, and shared ownership and Hackney Living Rent in the first two phases - with the second phase at Bridge House successfully completed in 2020. Ms Guelzow further advised that across all new developments there was commitment to maximising the number of genuinely affordable council homes. Marian Court comprised 160 new homes, including 32 for social rent, 59 for shared ownership and 69 for outright sale. The Council's Estate Regeneration team was taking forward the delivery of Marian Court, and the completed scheme will be managed in-house by Housing Services.

With regard to the report before the Committee Ms Guelzow advised that it sought to grant delegated authority to the Group Director, Chief Executive's Directorate to enter into contract with a preferred contractor to undertake the main works for the development of a mixed tenure scheme at Marian Court, which will consist of more than 50% genuinely affordable housing; new and affordable workspace; a new community facility and new public realm and landscape improvements. Ms Guelzow

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als advised that in accordance with the provisions of the Contract Standing Orders, the award of contract for consideration and approval, on the basis of both cost and quality.

There were no specific points of clarification arising from the report's recommendations. The Chair raised the issue of some of the KPI's still being worked upon, and Ms Guelzow's response that these would be finalised in conjunction with the Chair following the meeting.

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

RESOLVED

- i. That the process of tender evaluation and the recommendation to select Bidder C as the preferred contractor for the main works package for Marian Court Phase 3 & 4, for the value set out in Exempt Appendix 1 be noted.**
- ii. that authority be delegated to the Group Director, Chief Executive's Directorate to award the contract for the main works package for Marian Court Phase 3 & 4 to Bidder C, in consultation with the Group Director of Finance and Corporate Resources; and**
- iii. That authority be delegated to the Group Director, Chief Executive's Directorate to enter into a JCT Design and Build contract 2016 and any other ancillary legal documentation relating thereto with Bidder C for the main works at Marian Court under such terms as shall be agreed by the Director of Legal and Governance, and that the Director of Legal and Governance Services be authorised to prepare, agree, settle and sign the necessary legal documentation to effect the proposals contained in this report.**

RELATED DECISIONS

At its meeting in July 2011 the Council's Cabinet agreed the Estate Regeneration Strategy 2011-2019. The Cabinet report outlined the Council's approach to the development of a strategy for the delivery of high quality new build housing and improved living standards across a number of housing estates in the borough.

The Programme was updated and approved by Cabinet in March 2014 and again in October 2015 and April 2019.

Outline planning permission (ref.2012/1731) was granted for the whole of the Bridge House and Marian Court Estate on 7 November 2012.

At its meeting on 18 July 2016 the Council's Cabinet agreed to the Sales and Marketing Framework, authorising the Director of Regeneration to implement the Sales and Marketing Framework in relation to shared ownership and outright sale disposals for both the Estate Regeneration and Housing Supply Programmes, and authorising the Director of Strategic Property and the Director of Regeneration to dispose of leasehold and freehold interests in the shared ownership and outright sale homes developed or to be developed as part of those Programmes.

The Council's Cabinet Procurement Committee (CPC) approved the business case for the selection of a contractor for the construction of mixed tenure housing at Marian Court on 6 November 2017, that is, to undertake procurement for this works contract via the OJEU process.

On 28 November 2019 the Hackney Procurement Board (HPB) approved the Business Case and commencement of the procurement process for the demolition of three existing blocks at Marian Court.

A demolition contract was awarded by HPB on 9 June and demolition works at Marian Court are now underway.

A detailed planning application for the Marian Court site was submitted on 10 January 2018. This application sought to increase the amount of housing to be delivered in comparison to the masterplan and the Overarching Estate Regeneration Programme Unilateral Undertaking (UU) agreed by the Planning Sub-Committee in April 2014, seeking permission for 160 new homes. This represents an increase of 41 homes, including 16 additional social rent homes, 8 shared ownership homes, and 17 outright sale homes.

Planning Sub-Committee resolved to grant planning permission for the proposed Marian Court scheme on 6 June 2018. The proposal was subsequently referred to the GLA for review, and written approval was received on 6 July 2020. The Planning Decision Notice was issued on 22 July 2020.

Following the recent planning consent, approval to appropriate the land at Marian Court for planning purposes will be sought from Cabinet upon completion of the demolition works in early 2021.

REASONS FOR DECISION/OPTIONS APPRAISAL.

This report outlines the process that has been followed in selecting a preferred contractor for the main works for Marian Court.

The parcel of land to be developed at the Marian Court site is currently occupied by three 1950s housing blocks of four and five storeys, comprising 75 units.

The redevelopment of Marian Court represents an opportunity to deliver increased numbers of residential units in order to maximise the use of the land and to enable the renewal of an existing housing estate which has deteriorated, is costly to run due to energy inefficiencies, and would be prohibitively expensive to bring up to the Decent Homes Standard. It will also re-configure and provide improved amenity space, public realm and new community and commercial space.

The main works contract for Marian Court requires the successful contractor to deliver:

- 32 social rented homes;

- 59 shared ownership homes;
- 69 outright sale homes;
- A new community facility;
- 1,017 sqm of commercial space including retail and workspace; and
- Associated public realm and landscape works including improved facilities for play and recreation.

Most of the homes at Marian Court have been decanted, with one remaining resident still to move.

A demolition contract for Marian Court was awarded by the Hackney Procurement Board in June 2020, and site investigation and strip-out work to the two vacant buildings has recently commenced.

The Council will act as developer for the outright sale and shared ownership homes, marketing and disposing of them in line with the Council's approved Sales and Marketing Framework.

With 69 outright sale properties currently valued at £44 million, the expected sales income for Marian Court poses a financial risk to the scheme, programme, and Housing Revenue Account (HRA), associated with an unexpected and sustained downturn of the market. In addition, the 59 shared ownership properties are currently valued at £34 million, with forecast first tranche equity sales of £8.5 million.

To minimise the sales risk associated with the simultaneous release of a large number of homes for outright sale, it is intended to phase the release of these units subject to the confirmed construction programme.

A market review and marketing strategy will be produced for each sales phase, with authority to proceed to market properties delegated to the Group Director, Chief Executive's directorate and Group Director of Finance and Corporate Resources.

Should sales not achieve the forecast values, or reservations be slower than expected, alternative strategies (as set out in the Risk Section below and not included in the Council's Sales and Marketing Framework) will need to be considered to maintain the viability of the scheme, the wider Estate Regeneration Programme and HRA, some of which may require Cabinet approval.

A pre-tender cost plan was prepared for the Council by its external Quantity Surveyor (QS), setting out the estimated costs of construction, based on the pre-tender stage estimate and designs developed to RIBA Stage 3+. The pre-tender costs pertaining to the 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)

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At its Cabinet meeting in July 2011, and subsequently in March 2014, October 2015 and April 2019, the Council agreed an extensive programme of redevelopment and regeneration across a number of its estates.

The approved approach provides the opportunity to combine development of schemes which have the potential to generate a surplus with those that require a net investment. Based on current assumptions regarding values and costs, this approach allows the Estate Regeneration Programme to be self-funding.

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.

The option to 'do nothing' was considered and rejected. The Marian Court project forms a crucial part of the Marian Court and Bridge House estate regeneration scheme in Homerton.

This final phase of the regeneration will not only provide new and genuinely affordable housing and help alleviate the shortage of housing in the borough, but will also deliver a large amount of workspace, retail space and a new community facility. In addition, the proposed scheme will landscape and remodel the terrain of the site, creating new, attractive and accessible pedestrian and cycle routes from Link Street and Homerton High Street to Ponsford Street. New active frontages to ground floor commercial spaces along Homerton High Street and Ponsford Street will substantially improve the pedestrian experience along those busy roads.

Procuring a contractor/developer and contracting with them through the Council's hybrid Development Agreement was initially considered as an option for the delivery of this scheme.

The Development Agreement approach has been used for schemes of this size in the past as the Council was building up its in-house capacity and expertise. It was also favoured as it reduced the risk of financial exposure with regards to the sale of homes on the open market, placing this instead with the contractor/developer partner.

However, tenders received using the Development Agreement approach on other regeneration schemes highlighted that developers are not factoring in future price increases to their bids, or are pricing excessively for potential sales risk. It was therefore not deemed beneficial from a financial perspective to use a Development Agreement for this scheme.

Procuring through a Framework was considered. However, this was rejected due to concern about narrowing the market. The decision was taken to use the EU restricted procurement route in order to give the widest range of suitable contractors the opportunity to tender, and also provide a framework in which best value can be obtained in terms of both price and quality. An open (single

stage) tender process was also rejected, as it was felt that the burden placed on tenderers via this route would limit the response.

A competitive procedure with negotiation as provided for in the Regulations was initially rejected, as more preparatory work and additional market testing would have been required, delaying the start of the procurement. However, as intended and set out in the business case agreed by CPC in 2017, following receipt of tender returns which significantly exceeded cost estimates, the Council initiated a negotiated process with all participating contractors to explore the potential of cost savings ahead of a re-tender. The negotiation was concluded with a re-tender of the scheme in July 2020, inviting bidders to submit their Best and Final Offer (BAFO) tenders for the delivery of the main works at Marian Court.

The procurement strategy agreed by CPC in November 2017 had intended to procure demolition and construction for Marian Court under a single contract. However, due to delays in the procurement process and in achieving vacant possession and planning consent, the decision to procure the demolition for the scheme separately and thereby minimise project delays was taken, and a contract was awarded to a specialist demolition contractor by the Hackney Procurement Board in June 2020. This approach will not only minimise project delays but also:

- Allow for necessary site investigations and surveys to take place early, to ensure swift design and construction progress when the main works commence;
- de-risk the project through establishing the extent of underground contamination and removing any obstructions identified; and
- provide greater certainty with regards to both cost and programme, thereby reducing main contractor on-costs and risk allowances.

.9. Information Item - Information Item - Hackney Luncheon Clubs

The Chair asked for a brief summary of the information report.

Ms Sharon Elliss advised that the briefing sets out an update on the Lunch Clubs contract which was awarded to start on the 5th December 2018, for three years. CPC requested an update during the life of the contract, to see the effects of the lead provider model on the contract. A new lead provider model was established in December 2018, replacing the previous model of contracting individually with small third sector providers, which was characterised by a high degree of dependency on LBH. The new model included a responsibility for the lead provider to support their subcontractors to become self-sustaining by the end of the contract term.

Ms Ellis further commented that monitoring during 2019/20 showed that the service outcomes were being achieved by the lunch clubs providers. Since then, the COVID-19 pandemic had had a significant impact, with providers modifying their service offers in line with restrictions. Notwithstanding this challenge, all sub-contracted providers were still operating to deliver the service

outcomes. There were however, some concerns over the progress towards self-sufficiency, levels of fundraising activity and continued dependence on LBH. Commissioners are actively working with the lead provider to address this, carrying out a full service evaluation and supporting the provider network.

RESOLVED

That the briefing update be noted.

10. ANY OTHER UNRESTRICTED BUSINESS THE CHAIR CONSIDERS TO BE URGENT

There were no items of unrestricted urgent business.

NOTED

11.. DATE OF FUTURE MEETINGS

NOTED – meetings of the Cabinet Procurement Committee commencing at 5.00pm for the remainder of the Municipal Year 2020/21 as follows:

15 February 2021

8 March 2021

12 April 2021

11 May 2021

12. 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 13-15 on the agenda on the grounds that it is likely, in the view of the nature of the business to be transacted, that were members of the public to be present, there would be disclosure of exempt information as defined in paragraph 3 of Schedule 12A to the Local Government Act 1972 as amended.

SUMMARY OF EXEMPT PROCEEDINGS

13. Marian Court - Main Contractor Award of Contract - Key Decision No NH P62

AGREED to note the exempt appendices in relation to agenda item 8.

14. DRAFT EXEMPT MINUTES OF THE CABINET PROCUREMENT COMMITTEE HELD ON 7 December 2020

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**AGREED the exempt minutes of the meeting of Cabinet Procurement
Committee held on 7 December 2020**

15. ANY OTHER EXEMPT BUSINESS THE CHAIR CONSIDERS TO BE URGENT

There were no exempt items of urgent business.

NOTED

Duration of the meeting: 17:00HRS – 1735HRS
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Contact:

Clifford Hart - Senior Governance Officer - Clifford.hart@hackney.gov.uk

Clifford.hart@hackney.gov.uk