

AGENDA ITEM 6

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

MONDAY 6 DECEMBER 2021

Chair	Cllr Anntoinette Bramble, Deputy Mayor (Statutory) and Cabinet Member for Education, Young People and Children's Social Care
Councillors Present:	Cllr Christopher Kennedy, Cabinet Member for Health, Adult Social Care and Leisure Cllr Caroline Woodley, Cabinet Member for Families, Early Years and Play
Apologies	Cllr Robert Chapman, Cabinet Member for Finance
Officers in Attendance	Rotimi Ajilore, Head of Procurement Jessica Feeney, Governance Services Officer

Remote attendees

**Candace Bloomfield, Directorate Procurement
Manager
Andrew Cunningham, Head of Streetscene
Merle Ferguson, Procurement Strategy and
Systems Lead
Ron Greenwood, Project Manager Estate
Regeneration
Marta Kolinska, Procurement Category Manager
Cate McLaurin, Head of Delivery
Jade Mercieca, Strategic Procurement Manager
(Interim)
Michael Pegram, Head of Insurance
Patrick Rodger, Senior Lawyer
Georgia Tuitt-Avison, Placements Assistant
Maria Zazovckaya, Resource Manager**

The meeting was live-streamed here:

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Chapman, in his absence members elected Councillor Bramble as chair of the meeting.

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 of Cabinet Procurement & Insourcing Committee held on 8 November 2021.

RESOLVED:

That the unrestricted minutes of the Cabinet Procurement & Insourcing Committee held on 8 November 2021 were approved.

7. CE S042 Contract Award: Young People's Supported Accommodation Pathway

7.1 Maria Zazovckaya, Resource Manager introduced the report to the committee highlighting the following points:

- The report proposed the procurement of several contracts to form a brand new pathway of supported accommodation for Hackney Looked After Children, Care Leavers and Homeless Young People.
- Members were informed that in-sourcing this service was not deemed viable during the options appraisal process.
- The estimated annual contract value was £1.18million, and £8.28 million over the life of contract for 88 places for young people. The start date for the contract would be 1 April 2022.

7.2 Councillor Kennedy questioned why the age range had been amended from age 25 to age 21. Maria advised that the services were being commissioned by the Children's and Family Service, the age range was amended to be inline with the statutory offer for care leavers. Members were informed that post 2021 there

would be no statutory duty to provide care leavers between the ages 21 and 25 with supported accommodation. However those between ages 21 and 25 would still be supported through personal advisors in the leaving care services or through various supported accommodation pathways via the green house.

- 7.3 Councillor Kennedy highlighted a discrepancy within the report regarding the number of places available for young parents. Maria Zazovskaya, Resource Manager explained that there were currently two young parent services detailed within the report, the 8 places available at the moment referred to the Lot that was not procured, which the service was committed to finding a solution for and required for the future. The other 7 places referred to a young parents service that was currently not working for young parents, after the contract award expires the service will be having further conversations with the provider to discuss the use of the building. Those young people who would have used this service will be supported by Housing and Social Care Services.
- 7.4 In response to Councillor Bramble's comments, Maria Zazovskaya advised that she would like to assure everyone that the team were committed to delivering a significantly better service. The service has given clear instructions to bring all accommodations to the same standards, comments have been taken on board regarding the room furnishing and ideal services available including key workers.

RESOLVED:

That the Cabinet Procurement and Insourcing Committee:

- I. **Agreed to award to Provider F for Lot 2 , Provider G for Lot 3 and Lot 5, and Provider B for Lot 5. The term of contract will be 5 years with an option to extend for a further 2 years (5 +1 +1 years). The estimated annual contract value is £1.18million, and £8.28 million over the life of the contract for 88 places for young people. The start date for the contract will be 1 April 2022.**
- II. **Agreed to extend the existing service contracts for a further period of 2 months to 31/03/2022 to allow for a smooth transition to the new contractual arrangements**

REASONS FOR DECISION

This report provides the Cabinet Procurement and Insourcing Committee (CPIC) with the outcome of the procurement of a new supported accommodation pathway for Looked after Children, Care Leavers, Vulnerable Young Parents and Single Homeless Young People in Hackney.

Following the approval of the contract award, officers will proceed with the Implementation of the new contract to commence operation by 1 April 2022.

The two current contracts for the provision of Children and Young People's Accommodation Based Services are coming to an end in January 2022. This gave us an opportunity to redesign the current accommodation pathway and undertake a competitive procurement process. The redesign has allowed us to align our spot purchase arrangements which currently fall outside 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.

The new contract will have 3 providers, delivering 3 Lots and providing 88 spaces for young people. This includes 36 new places of affordable accommodation for young people who are working located in Hackney and neighbouring boroughs.

The provider will work with the Hackney Children's Services management team to ensure that the quality of the service being delivered remains high and that all young people are supported to develop independent living skills and realise their ambitions, whether that be through education, employment or training.

There are no TUPE concerns with this contract award as the incumbent providers have been awarded the contract.

8. NH S26 Arboricultural Maintenance & Tree Planting/Post Planting Management Framework

- 8.1 Andrew Cunningham, Head of Streetscene introduced the report explaining that the Council had a duty to maintain its Arboricultural resource within Hackney for which it is responsible, mainly in parks, on the public highways and on housing land. This report sought approval to support the contractual engagement of Bidder 1,2,3 and 4 (named in Appendix 1) for the Arboricultural Maintenance & Tree Planting/Post Planting Management Framework contract. The contract would run for a period of four years 2022-2026. The Committee was asked to note that some areas of responsibilities and elements of arboricultural operations were likely to be insourced within 18 - 24 months and will only proceed if it is considered viable.
- 8.2 In response to Councillor Bramble's questions Andrew Cunningham shared that in terms of sustainability there were a number of commitments such as the equipment used being electrical rather than petrol and diesel, also materials for jobs being recyclable and any branches taken of trees being wood chipped and used in other areas of the borough. Andrew Cunningham advised that there were key performance indicators (KPI's) included within the reports at section 16.2.
- 8.3 Andrew Cunningham addressed Councillor Woodley's question by explaining that there was further information within the exempt appendix on how the insourcing would be undertaken, this included looking at the lower level work that would not require individuals going up to trees, meaning the work could be carried out by those who were not highly specialised.
- 8.4 It was requested by Councillor Kennedy that the wording was tidied up in the recommendation.

RESOLVED:

- I. **That Cabinet Procurement and Insourcing Committee approved the award of the Arboricultural Maintenance & Tree Planting/Post Planting Management Framework contract to 4 bidders (listed in Appendix 1), for a period of 4 years from 1st February 2022 to 31 January 2026.**

- II. The Cabinet Procurement Committee noted that whilst the report sought approval to contract out the arboricultural services that, as part of a phased insourcing programme, some areas of responsibilities and elements of arboricultural operations are likely to be insourced within 18 - 24 months and will only proceed if it is considered viable. Further information is contained Exempt Appendix 1 Insourcing Feasibility Study for Arboricultural Services 2021**

REASONS FOR DECISION:

The Council has a statutory obligation under the Highways Act 1980 (s41) to maintain the public highway and that includes all arboricultural assets. Further as the owner and manager of trees on all Council land, the London Borough of Hackney has a legal duty of care under Occupiers Liability Act 1985 to protect people and property from foreseeable hazards caused by the tree's failure. This would not be possible without the support and assistance of specialist tree contractors or in-house service providers.

In 2015, the Council awarded the contract for the Arboricultural Maintenance Framework to 3 providers. The contract was extended for a three year period by a single tender action process to the end of February 2022 to facilitate the completion of this procurement process and to ensure business continuity.

The previous procurement model of delivering the Arboricultural Maintenance boroughwide was achieved through a framework contract in 2015 resulting in three different contractors being appointed at that time. This was an opportunity to engage small and medium sized contractors in the procurement process and encourage greater competitiveness in each area of work. This framework contract of several contract providers has worked extremely well and had the end result of greater flexibility, better value for money, improved quality standards and services delivery. Notwithstanding the benefits of this greater flexibility, the benefits of giving small, medium enterprises (SME's) the ability to tender for the works is seen as being equally important and for this reason the proposal to group all the works into one large contract or single provider has been resisted.

Early consultations with service providers, and discussions with other local authorities, the Head of Service (Streetscene) and Group Engineer (Highways) and Procurement agreed that the current method with 4 providers of a framework contract is a viable solution to deliver arboricultural services. Consideration is also being given to insourcing the responsive service 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 arboricultural services.

Hackney Council annually delivers a vast range of arboricultural services to its local community of people who live, work and spend their leisure time in the borough. Trees are an integral part of the urban environment. They improve local areas ecologically, sustain communities, socially, economically and physically most importantly they benefit human health. Trees absorb and filter pollution to improve air quality, improve urban biodiversity, create shade on hot days, act as mitigation measures for interception in flash flooding and attenuation of the rainfall. It is important, however, to choose the right species

of tree; in the right places which will provide the best eco-services and ensure that we are providing diversity to ensure we have the resilience for pests and diseases and continued changing climate.

Hackney Council aspires to increase its tree canopy coverage of the Council owned public realm in the borough (public highways, parks, other green spaces and housing estates) from its current level of 23% (GLA figures the London Urban Plan). This will bring Hackney in line with the Mayor of London's commitment on trees in London by 2050. The planting of 5,000 new street trees by 2022 increasing the street canopy from 20% to 30% will be the single largest investment in trees in the history of the borough. We expect this to be funded from a variety of sources internally and governmental grants but also looking at innovative ways of funding particularly crowdsourcing, developer contributions, sponsorship, and pursuing avenues of green carbon credits.

The arboricultural resource on public highways in parks is maintained at public expense and is an important part of the integrated transport network that supports the local economy and sustainable growth. It is a high priority of the Council to maintain and improve the arboricultural resource 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 arboricultural related works contractors.

Many local authorities have a range of contracts from a single supplier in use or a framework with multiple suppliers. Frameworks with different methods of call off for works which are fixed priced Schedule of Rates to packages of works which are individually bid on a mini tender basis.

The contract will utilise the existing capital and revenue budgets during the life of the contract. The recommended framework contract with multiple suppliers will operate on a 'call off' basis with a fixed schedule of rates for operations with no guarantee of work volumes. This gives flexibility to ensure that programmes can be met from within existing and future budget allocations. The Specification and Schedule of Rates has been prepared in accordance with industry standards of works and operations. The contract schedule of rates that are priced by the contractor are used in delivering all tree related operations on the public highway, parks and open spaces and housing site as well as other service areas for the borough which this framework can be utilised for. The type of tree operation will determine which items are used from the schedule of rates. The contract rates can also be used by other departments within the Council for their infrastructure related projects.

The total value of the framework contract will ultimately be determined by the available capital and revenue budgets during the life of the contract. The estimated value of the framework contract is approximately £3.5m over the full term. The annual spend in recent years has been:

- 2015/16 - £625,000
- 2016/17 - £657,000
- 2017/18 - £677,000
- 2018/19 - £695,000
- 2019/20 - £698,500

There is the option for other service areas within the Council to use the Streetscene Arboricultural Maintenance & Tree Planting/Post Planting Management Framework 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 Hackney Procurement Board (HPB) in the Streetscene Arboricultural Framework Contract detailed Business case (approved 14th July 2020).

The Business Case approved the procurement strategy for the re-tender of an arboricultural framework contract with 4 service providers for a period of 4 years (2022-2026) to be advertised via Find a Tender, in compliance with UK legislation.

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, London Tenders Portal, Hackney Council's webpage, and in Find a Tender 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 tender submissions have each been evaluated based on 30% quality and 70% price.

9. FCR S033 Provision of Insurance Services for Leasehold Right to Buy Property (exclude provision of insurance broker service)

- 9.1 Michael Pegram, Head of Insurance introduced the report explaining that the report outlined the results of the re-tendering of the Council's Leasehold Buildings Insurance contract following a procurement exercise undertaken during September & October 2021. The existing insurance contract is due to expire on 31 March 2022 following the incumbent suppliers sudden withdrawal from the UK market.
- 9.2 In response to Councillor Bramble's question in relation to the social value benefit of the provision, Michael Pegram explained that the service had found it challenging to be able to engage with the insurers. However work had been carried out with the three providers, and the Councils contracted Broker named Marsh to continue the dialogue, the intention was to work with the awarded supplier through the immobilisation period and to continue to support the placements such as Hackney 100 and work experience.
- 9.3 Councillor Kennedy asked if the Leaseholders were able to have sight of the redacted form of the tenders. Michael Pegram explained that they would not have seen the tender responses themselves as they included sensitive information.

RESOLVED:

Cabinet Procurement and Insourcing Committee is recommended to:

- I. Noted the procurement process used for the procurement of leasehold buildings insurance.**
- II. Agreed the award of the leasehold buildings insurance contract to Insurer A for a period of 3 years (with provision to extend for 2 years) following a 30 day statutory consultation with leaseholders.**

REASONS FOR DECISION:

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 2020 and the appointed Insurer agreed to a 5 year (including a two year optional extension) contract, renewable annually. However, in August 2021 the Council was informed that the contracted insurer was withdrawing from the UK market and that terms would not be offered after 31 March 2022.

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.

10. NH R53 Selection Of A Build Contractor For The Construction Of Mixed Tenure Housing At Kings Crescent Phases 3&4

- 10.1 Ron Greenwood, Project Manager Estate Regeneration introduced the report to the committee.
- 10.2 The Committee was informed that the Estate Regeneration Programme was based on the delivery of mixed tenure developments. Based on current market conditions the Programme was forecasted to be self-funding, but each individual scheme was subject to robust financial viability testing. This report sought authority to enter into contract with a preferred contractor to undertake the main works for Kings Crescent Phases 3&4, which would complete the estate regeneration by the provision of 28 homes for social rent,

75 homes for shared ownership and 116 homes for private sale, along with a community facility, commercial and workspace unit, the external refurbishment of 174 existing homes, and associated public realm and landscaping works.

- 10.3 In line with the provisions of the Contract Standing Orders, the award of contract was presented to the Cabinet Procurement and Insourcing Committee (CPIC) for consideration and approval. The recommendation was made on the basis of both cost and quality.
- 10.4 Councillor Bramble welcomed the report and thanked Ron Greenwood and his colleagues for their work on this report. It was questioned how the development would comply with the energy strategy and be Net Zero by 2040 and how this would be delivered. Ron Greenwood explained that the service was complying with the planning policy consented by the Council and GLA which included carbon off-set payments and this was being sought as the requirement to achieve the energy and sustainability strategy.
- 10.5 Councillor Woodley asked for assurances regarding the timetable for next summer within 9.1.5. Ron Greenwood advised that the service was making every effort to adhere to the programme.

RESOLVED:

Cabinet Procurement and Insourcing Committee :

- I. **Awarded the main works contract to Bidder A as the preferred contractor for Kings Crescent Phases 3&4, for the value as set out in Exempt Appendix 1, subject to the completion of the Section 20 leaseholder consultation process.**
- II. **Subject to the completion of the process in paragraph 3.1, agreed to enter into a JCT Design and Build contract 2016 and other ancillary legal documentation relating thereto for the main works at Kings Crescent Phases 3&4 under terms as shall be agreed by the Director of Legal and Governance Services, and authorise the Director of Legal and Governance Services to prepare, agree, settle and sign the necessary legal documentation to effect the proposals contained in this report.**

REASONS FOR DECISION:

This report outlines the process for procuring a main contractor using a Competitive Procedure with Negotiation procurement route, and entering into a single stage design and build contract for Kings Crescent Phases 3&4. The Council wishes to continue the phased development of Kings Crescent as an exemplary housing, community and commercial scheme and to procure a main contractor to deliver the project. The contractor will be appointed to take the project forward from RIBA stage 3+.

The parcel of land to be developed at the Kings Crescent site has been cleared since the last demolition in 2013. The development of the site

represents an opportunity to complete the regeneration of Kings Crescent which, apart from the introduction of new-build mixed tenure homes, also provides for refurbishment of existing blocks, improved amenity space, public realm improvements, replacement community space, new commercial space and new office/workspace.

Kings Crescent Phases 3&4 comprises the following:

- 116 outright sale homes
- 75 shared ownership homes
- 28 social rent homes
- Refurbishment works to existing blocks (174 homes)
- A new community facility
- 480m2 of retail commercial space
- 500m2 of office/workspace
- Associated public realm and landscape works including improved facilities for play and recreation.

In addition to the works described in 5.1.3 the Council has incorporated a general repairs, maintenance and component renewal to the package of works in line with the provisions of the Housing Asset Management Strategy. This includes external works, works to communal areas and works to specialist mechanical and electrical services as identified by condition surveys, to be undertaken prior to works commencing. The budget for this work, allowed for in the Housing Asset Management Strategy, will be apportioned to this Regeneration scheme. This ensures a joined-up approach to capital investment, reduces overall disruption to residents and should offer better value for money compared to undertaking works separately.

Bidders were required to offer a single contract price for building out the whole of the scheme. A period of negotiation, based upon prescribed criteria defined by Hackney Council, has been built into the procurement process. The form of contract to be used will be a JCT Design and Build Contract with Hackney Council amendments.

A construction cost plan was prepared for the Council by its Quantity Surveyor, setting out the estimated costs of construction. Please refer to Exempt Appendix 1.

The estimated costs were based on RIBA Stage 3 (planning application stage) proposals. A pre-tender stage estimate was based on developed designs (Stage 3+) and issued in September 2019. The tendered construction costs are set out in the Tender Report: Exempt Appendix 1.

The cost of the scheme will be funded from sales receipts of the outright sale properties, the first tranche equity sales of the shared ownership properties, and GLA funding, as well as the future rental income from the social rented and shared ownership properties. In line with the Programme's portfolio approach, the projected scheme surplus will be used to cross-subsidise the Programme.

It is recommended that 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 116 outright sale properties currently valued at £68m, this exposes the scheme, Programme and the HRA to an increased financial risk. In addition, the 75 shared ownership homes are currently valued at £43m, with forecast first tranche equity sales of £11m. To spread this sales risk it is intended to phase the release of the outright sale units.

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 of the Chief Executive's Directorate and Group Director of Finance and Corporate Resources.

At current market values only a proportion of the outright sale homes would be eligible for buyers under the Government's Help to Buy Shared Equity scheme. This scheme has been significantly beneficial to sales progress with recent schemes and therefore is a consideration. Furthermore, it is not known at present whether the Government will continue funding Help to Buy after 2023.

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

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

There was no other urgent business to consider.

10.Dates Of Future Meetings

CPIC noted the dates of future meetings.

2022

17 January
14 February
7 March
11 April

11.Exclusion Of The Public & Press

The Committee agreed that no further consideration was required in respect to the exempt appendices.

End of Meeting

Duration of the meeting: 5pm - 5.55pm

Monday, 6 December 2021

Contact:

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