

AGENDA ITEM 8

TITLE OF REPORT : Public Space Surveillance (PSS) Monitoring Contract BUSINESS CASE - MEDIUM RISK Key Decision No. FCR S046	
CABINET PROCUREMENT & INSOURCING COMMITTEE MEETING DATE 2021/22 17 January 2022	CLASSIFICATION: Open with exempt appendices A-E By Virtue of Paragraph(s) 3 Part 1 of schedule 12A of the Local Government Act 1972, appendices A - E are exempt because they contain information relating to the financial or business affairs of any particular person (including the authority holding the information) and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.
WARD(S) AFFECTED All	
CABINET MEMBER Councillor Susan Fajana-Thomas - Cabinet Member, Community Safety	
KEY DECISION Yes REASON Affects two or more wards Spending	
GROUP DIRECTOR Ajman Ali, Group Director Neighbourhoods and Housing	

1.	CABINET MEMBER'S INTRODUCTION
1.1	This report seeks approval for the tender of a 7 year contract by a competitive tendering exercise undertaken by the Civil Protection Service with support from the Procurement Service.
1.2	The value of this contract is up to approx £4.27m, which is over the £2m threshold stipulated in the Council's Contract Standing Orders (CSO), and it therefore has to come to Cabinet Procurement and Insourcing Committee (CPIC) for review and approval.
1.3	The staff employed under the Public Space Surveillance (PSS) monitoring contract actively increase the safety of the public, Council staff and Police officers throughout Hackney and are a vital part of the Council's work to reduce crime and increase safety.
1.4	It is not feasible to insource this contract immediately, for legal reasons, however we are working to explore in more detail on how to achieve a more insourced service. This development study will continue with the necessary break points built into the proposed contract to allow the feasibility of this option to be further investigated.
2	GROUP DIRECTOR'S INTRODUCTION
2.1	This report seeks a decision to grant an extension of the current Public Space Surveillance (PSS) monitoring contract from 31 March 2022 to 30 November 2022. In addition a further decision is sought to tender for a new seven year contract from 1 December 2022 to 30 November 2029, with 'no penalty break clauses' at years 3 and 5, i.e. on 30 November 2025 and 30 November 2027.
2.2	The existing contract was awarded in 2012 and ran for a five year period, it was extended for 3 years in 2017, and for a further 2 years in 2020. The existing contract is due to expire on 31 March 2022. To enable time for the procurement process, following a study into insourcing, an extension on the current contract is being sought until 30 November 2022.
2.3	The PSS Service has carried out an appraisal to assess the viability of insourcing the service. This paper will provide a summary of the options involved and will make a further recommendation outlining the preferred option.

2.4	The Chair of Hackney Procurement Board has confirmed that he is exercising such discretion in respect of this report and therefore it is being presented to CPIC for approval.
3	RECOMMENDATION(S)
3.1	To approve an extension of the current contract to 30 November 2022.
3.2	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.
4.	RELATED DECISIONS
4.1	There are no related decisions.
5.	OPTIONS APPRAISAL AND BUSINESS CASE (REASONS FOR DECISION)
5.1	To approve the procurement strategy set out in this report for the procurement of a PSS monitoring contract.
5.2	The existing contract was awarded on 1 April 2012 and ran for a 5 year period. It was extended for 3 years in 2017, and for a further 2 years in 2020, both extensions were provided for within the original contract. The current contract is due to expire on 31 March 2022. This report seeks permission to extend the existing contract for 8 months until 31st November 2022 and to tender a seven year contract for the PSS Monitoring service with the option to exercise 'no penalty break clauses at years 3 and 5'. The estimated cost of extending the current contract by nine months is £360,600. The PSS Team has carried out a study into insourcing to consider this as an option for the service.
5.3	The current service provider is NSL Ltd (NSL - a company within the Marstons Holdings Ltd group). NSL deliver this contract currently by employing one Operations Manager, four PSS Team Leaders and eight PSS Operators. Of the current staff, their average time in post is 4.7 years - the longest serving has been for 12 years; between them they have 61 years' experience of monitoring PSS in Hackney. This is a very significant factor in the excellent reputation that Hackney PSS has with

	other London councils, nationally with UK councils, with Police forces, the Home Office and the Surveillance Camera Commissioner's Office.
5.4	<p>The following options were considered:</p> <ol style="list-style-type: none"> 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. <p>*Information regarding SIA 'non-frontline' licensing to be found in Appendices C,D & E.</p>
5.5	Option [1] - Insource and cease all licensable activity
5.5.1	The cessation of the licensable activity removes the need for all staff involved in the management structure, including Councillors, to obtain a license.
5.5.2	However, to cease licencing would prevent us carrying out PSS monitoring on some of the most challenging estates in Hackney, which are managed by Registered Social Landlords (RSLs) - the law says you need a licence to monitor cameras owned by someone else under a contract - to cease Public Space Surveillance Monitoring on these estates is untenable from a community safety point of view.
5.5.3	As this situation impedes our pledge to move to insourcing in the borough, legal advice was sought and counsel confirmed that licensing is a legal necessity. The barrister's findings can be found in Appendix A .
5.5.4	If this option is selected, the financial cost would be circa £716k per annum.
5.5.5	However, the RSLs contribute towards the Council's budgets for PSS, to pay for staff and infrastructure. The external income to the Council to assist with these costs is circa £160k per annum. If the Council is unable to offer this service to RSLs, because it would be unlawful, they

	will cease to pay us for the service - therefore the combined cost to the Council is £876k per annum.
5.6	Option [2]- Insource and 'non front-line' licence all staff concerned including Councillors
5.6.1	The cost of this is approximately a minimum of £75k every three years (assuming Councillors / staff do not change). The risk is that if an elected member cannot pass the rigorous conditions imposed by the SIA then surveillance has to cease.
5.6.2	If this option is selected, the cost would be circa £742k per annum, the increase of £202k over option 3 (out-sourced) is due to the difference in licensing, increases in pay and conditions.
5.7	Option [3] Retain the current 'out-sourced' arrangements through the negotiation of a new contract using similar terms and conditions for staff to the existing contract
5.7.1	This is the status quo and has worked well since 2005. If existing staff terms and conditions are retained the cost will be circa £540k per annum, increasing annually in line with either Council pay or the London Living Wage (LLW) if Council pay stagnates.
5.8	Option [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
5.8.1	This is the status quo and has worked well since 2005, but can be improved to bring PSS Operators to parity with Council staff terms and conditions in almost every respect.
5.8.2	If this option is selected, and the enhanced pay rates are implemented, the estimated cost would be £690k per annum. The cost increase is due to the extra pay and holiday in the contract to bring monitoring staff to parity with likely Council staff gradings and leave allowances. This will result in an increase of budget of £150k per annum based on current costs, increasing in line with pay awards.

5.9	Option [5] - To set up a Trading Company to undertake the PSS monitoring service.																	
5.9.1	<p>Timescales prohibit this option. The service has liaised with John Wheatley - Director of Sustainability and Environment and examined the resources needed, the timescales involved and then assessed the recruitment, training and licensing implications and it is not possible to achieve in the time available. This could, however, be a long term strategy and therefore break points are built into the proposed contract to allow this option to be further investigated and pursued.</p> <table><tr><th>Year</th><th>Route A: Lobbying</th><th>Route B: Setting up a Trading Company</th></tr><tr><td>1</td><td rowspan="3"><div>↓</div><div>↓</div></td><td></td></tr><tr><td>2</td><td></td></tr><tr><td>3</td><td rowspan="3"><div>↓</div><div>↓</div></td></tr><tr><td>4</td><td>If unsuccessful, fall back to Route B.</td></tr><tr><td>5</td><td></td></tr><tr><td>6</td><td></td><td>Commencement of Trading company.</td></tr></table>	Year	Route A: Lobbying	Route B: Setting up a Trading Company	1	<div>↓</div> <div>↓</div>		2		3	<div>↓</div> <div>↓</div>	4	If unsuccessful, fall back to Route B.	5		6		Commencement of Trading company.
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5.9.2	<p>This is a 5 year plan, to allow for initial options of lobbying to change the supposition that elected councillors would need to be Directors, if that fails or seems unlikely to succeed then route B could be explored with a trading company set up to take over at the no penalty break clause point.</p>																	
6	BENEFITS REALISATION / LESSONS LEARNED																	
6.1	<p>The existing contract has met its initial objectives. The contract is managed by the PSS Manager and the PSS Team and is measured by carrying out monthly Service Level Agreement (SLA) meetings with the contractor. An example of the current SLA documentation can be found at Appendix A.</p>																	
6.2	<p>The CP Service is satisfied with the service provided under this contract. The contractor has performed well, scores from their monthly SLA meeting can be found at Appendix B.</p>																	

6.3	There were no variations to the existing contract.
7	Strategic Context:
7.1	The Mayoral priority for “prioritising quality of life and the environment; making our streets safer for cyclists and pedestrians, tackling air pollution, protecting our parks and green spaces” is addressed by this project as PSS aims to reduce crime and the fear of crime, contributing to improving the environment and making public spaces safer.
7.2	The PSS Team also monitors cameras for several RSLs, Homerton Hospital, LBH Property Services (for their on street cameras) as well as LBH Housing Service, who all contribute funding to the CP Service for this provision.
7.3	Partner agencies such as Homerton Hospital are recharged for the service we provide and they will not form part of the evaluation panel.
7.4	The contract will be a schedule of rates contract. Hackney’s PSS system has been proven to be highly effective in identifying incidents, alerting the appropriate authorities and then being used as evidence in the successful conviction of criminals. In 2020 12,437 incidents were logged by PSSOs, and 540 arrests. The Services’ statistics can be found on our webpage www.hackney.gov.uk/cctv
8	Preferred Option: Option [3] - Let a new ‘out-sourced’ contract using similar terms and conditions for staff to the existing contract.
9	ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED)
9.1	<ol style="list-style-type: none"> 1. In-Source and cease licensable activity, to remove the need for licensing. 2. In-Source 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. (this is the preferred option). 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.
9.2	Insourcing: A study into insourcing has been carried out, please see Appendix C .
9.3	Success Criteria/Key Drivers/Indicators: All Key Performance Indicators (KPI's) from the current contract will continue to apply and will be reviewed to make sure that these are up to date and take into account service changes. The current KPIs are shown in Appendix A .
9.4	<p>Whole Life Costing/Budgets: Funding for extending the current contract will be met from existing budgets and will be available for the duration of the contract extension (8 months, at a cost of £348k). The existing annual cost is £520,900 (FY20/21, pre-2022 pay award) which increases in cost annually due to pay awards.</p> <p>If Option 3 is accepted, and existing staff pay and conditions are retained, the estimated cost of a new contract based will be £4.27m (£540k per annum plus LLW pay rise increments at an estimated 4%) based on a 7 year contract (3+2+2 years). The cost increase per annum is caused by the annual increase in staff pay to reflect changes in Local Government pay or the London Living Wage (LLW).</p> <p>Therefore the whole life cost from April 2022 to November 2029 is £4.27m.</p>
9.5	Policy Context: PSS contributes towards the priority to 'make the borough safer, and help people to feel safe in Hackney, which is part of the Sustainable Community Strategy.
9.6	<p>Consultation/Stakeholders: This contract will cover the requirements of the PSS Service, as well as other Council departments. Consultation will commence at the appropriate time with Housing and Facilities Management, and will be carried out via email, phone and meetings. The requirements of other departments will be consulted in the specification, tender documents and they will also be invited to be part of the evaluation panel.</p> <p>The Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) will apply to all permanent posts within NSL.</p>
9.7	Risk Assessment/Management: The risk rating from the Risk Assessment Tool was assessed as Medium risk.

Risk	Likelihood	Impact	Overall	Action to avoid or mitigate risk
	L – Low; M – Medium; H - High			
Contractors not willing to tender	L	H	M	This contract was tendered previously; during the last tender process there was a sufficient number of tenders submitted.
Prices tendered being substantially higher than the current contract.	L	H	M	Current prices will be benchmarked against tendered prices.
Requirements of the council and other stakeholders may vary	L	L	L	Robust contract management with the successful supplier and key stakeholders will ensure that changing demand will be accounted for within budget constraints.

10	Insurance:
10.1	<p>Advice has been sought from Insurance Services. They have suggested:</p> <ul style="list-style-type: none"> Professional Indemnity Insurance - £2 million for any claim or series of claims arising from one event. Public liability (including data protection and third party cyber risks) - £5 million for any one occurrence or series of occurrences arising out of one event. Employers' Liability - as required by law.
11	Market Testing (Lessons Learnt/Benchmarking):
11.1	There are a large number of service providers in the market. This contract was last tendered in 2012, a sufficient number of suppliers' submitted tender documents. The market still has a large number of service providers.
12	London Benchmarking Exercise

12.1	<p>As part of this process we have looked at how other London Boroughs have sourced and their costs and experiences, calculations have been made to ensure the same aspects of monitoring are being compared. All London borough PSS Managers were approached and these are the responses received:</p>
12.2	<p><u>London Borough of Brent (In-House)</u></p> <p>Monitoring arrangement - 7 staff employed , 4 x 8 hour shifts over 24hrs = 32</p> <p>The Annual Cost of Monitoring is approx. £467K</p> <p>Comments:</p> <p>“Better for performance, conditions for staff, council access for welfare etc. Proper procedures within Council conditions, this is generally better. We went from Security Officers of all sorts of abilities to something we can control, help ,encourage and train.” Alvin Wakeman - PSS Manager, Brent</p> <p>The staff monitor approximately 200 cameras including redeployable cameras.</p>
12.3	<p><u>London Borough of Anonymous (Contract)</u></p> <p>Monitoring arrangement is 3 staff 24 hrs/365 days (504 hrs per week) 1 Supervisor, 2 Controllers (excludes in-house PSS Manager) Annual Cost of Monitoring approx £430k</p> <p>Comments:</p> <p>“Easy to deal with staff not performing.</p> <p>Fixed costs per year with no extras.</p> <p>Staff do not go sick as their sick pay is statutory and not like council full pay</p> <p>We have zero turnover of staff in the Control Room. The last person who left was five years ago and the average service time is over ten years . Some have been with us for 20 years. This is really good as the experience pays dividends with knowledge and expertise.</p> <p>We did look at in-house many years ago and when we costed all the weekend, nights and other out of hours allowances the cost would be significant, despite the staff saying they were happy to stay on the same rate 24/7, the unions would not accept this.</p>

	<p>We currently run a four shift system on 12 hour shifts, the staff love this shift pattern as it gives them every other weekend off and they get more rest time between shifts.</p> <p>It averages out to a 42 hour week giving them a bit more money at the end of the month. If you went inhouse this would reduce to 35 hours and move to five shifts.”</p>
12.4	<p><u>London Borough of Ealing (In-House)</u></p> <p>4 operators per day on 4 different shifts, broken down into 6 operators and 2 senior operators. 40 hours a day monitoring. All staff are required to do overtime to cover sickness and holidays to ensure service continuity.</p> <p>Line Management by Senior Op staff who are then line-managed by Safer Communities Manager so there is an unknown cost there.</p> <p>£406,000 is the annual cost of monitoring</p> <p>Comment was made about the costs and the changes necessary in HR procedures - Jason Hawes - PSS Manager.</p>
12.5	<p><u>London Borough of Islington (In-House)</u></p> <p>8 Operators (scale 5) 2 of which are supervisors (scale 6) - 12 hour shifts, 35 hours a week with an overtime top up to allow for the additional hours worked.</p> <p>Contracted overtime.</p> <p>35 day holiday plus 8 bank holidays.</p> <p>Double pay on bank holidays, absence cover, pensions and overtime adds to cost.</p> <p>“Islington is a 35 hour week so my staff are all on contracted overtime as they do a 12 hour shift, 4 days on 4 days off. They get 35 days annual leave plus 8 bank holidays which we cover with the same staff. On costs such as pensions I believe it is 20 percent. Overtime is at 1.5 times their hourly rate, and double pay for Sundays and Bank Holidays. I have 8 staff members in total. Operation manager is paid at PO4, plus a 10 percent shift allowance. Additional costs around infrastructure management and maintenance have been removed for the comparison.</p> <p>Total approximate costs £435k total monitoring time is 336hrs per week, 180 cameras, 1250 housing cameras (housing are not monitored)”</p>

12.6 Comparison

Currently the Council pay NSL to provide their own corporate training around mandatory issues of DPA and H&S etc. These courses are currently provided corporately within LBH and would not be an increase in cost to the Council, but would mean that all associated costs in this regard are only passed on to staff rather than profits for a private company.

For the following service provision:

- 2 PSS Team Leaders: 12 hr shift, 2 x shifts a day Mon –Sun including breaks
- 2 PSS Operators: 0700-1900 Mon-Sun including breaks
- 2 PSS Operators: 1900-0700 Mon-Sun including breaks
- 1 number Control Room Operations Manager: average 8 hrs per day excluding breaks 5 days per week, variable times/days to suit management needs

As part of the current contract 13 people are actively employed by NSL to support the service, 1 x Ops manager and 12 x PSSOs/TL, however the hours of monitoring are consistent and the cost set.

In order to provide the closest comparison to other boroughs which have provided feedback, we have broken down into the following table:

Benchmark table - comparison of annual costs per hour monitored.

Borough	Cameras monitored	Hours of staff (operations) weekly	Cost per Hour
Islington	180 (housing not monitored)	336	£24.90
Ealing	670 (includes Housing)	280	£27.88
Brent	200	259	£34.70
Anonymous	385	504	£16.40
Hackney	2,800	540	£19.20

12.7 Hackney Contract Costs

Our cost over the course of the last 7 years of the contract has changed as below. With the increase in pay rates to staff increasing in line with the LLW or LGA increase (whichever is higher). This shows how the Hackney contract will be higher when compared to other contracted services shown in “anonymous” where the borough did not wish to be named. However, when compared to the in-sourced borough of which 3 examples, the cost to run the service is an average of 60% higher than the Hackney rate.

Rank	Apr-15	Apr-16	Apr-17	Apr-18	Apr-19	Apr-20	Apr-21
	6.910%	1.095%	3.723%	4.615%	3.430%	1.896%	2.750%
PSS Op untrained.	£8.96	£9.06	£9.40	£9.83	£10.17	£10.36	£10.65
PSS Op trained.	£9.15	£9.40	£9.75	£10.20	£10.55	£10.75	£11.05
PSS Op trained with 12m experience.	£9.30	£9.55	£9.91	£10.37	£10.72	£10.92	£11.23
PSS Op trained with 24m experience.	£9.45	£9.71	£10.07	£10.53	£10.90	£11.10	£11.41
PSS Team Leader	£9.73	£10.00	£10.37	£10.85	£11.22	£11.43	£11.75
PSS Team Leader trained.	£10.02	£10.30	£10.68	£11.17	£11.56	£11.77	£12.10
PSS Team Leader trained with 12m experience.	£10.21	£10.50	£10.89	£11.39	£11.78	£12.00	£12.33
PSS Team Leader trained with 24m experience.	£10.37	£10.65	£11.05	£11.56	£11.95	£12.18	£12.52
Total Annual Cost	£440k	£445k	£462k	£484k	£501K	£506k	£520k

12.8	Savings:
12.8.1	No cashable savings can be made. Out-sourced staff will be treated ethically and with similar terms and pay as they currently have.
13	SUSTAINABILITY ISSUES
13.1	Procuring Green: The successful monitoring contract will ensure environmental factors are considered.
13.2	Procuring for a Better Society
13.2.1	The pay for staff involved in delivering this contract will be a minimum of the London Living Wage (LLW) and annual pay increases linked to local authority increases will be implemented.
13.2.2	For the first time in 2005, with a past contract, the Council established the contractual condition that PSS Operators would have a set wage which would increase by a percentage amount equivalent to the previous year's local authority pay rise, with set percentage pay bands between ranks.
13.2.3	There was a safety net that if local authority pay stalled (as it did during the 'austerity' years) then PSSOs would always get a pay rise to keep the starting pay no lower than the London Living Wage (LLW), to honour the LLW commitment made by the Mayor.
13.2.4	This procurement will include social value questions to ensure the successful contractor maximises social, economic and environmental benefits to London Borough of Hackney's residents and businesses. This will include but not limited to providing apprenticeship training and job opportunities for local people and supporting local charities, volunteering and work experience opportunities. Tenderers would be required to set out how their business contributes towards these objectives and further these throughout the life of the contract.

13.3	Procuring Fair Delivery: PSS has an impact on the local community by contributing towards a reduction in crime and the fear of crime.
13.4	Equality Impact Assessment and Equality Issues: The Equality Impact Assessment has indicated that the tendering of this contract from an external supplier does not have any greater or lesser impact on account of sexual orientation, age, disability, ethnicity, gender, religion or belief. The Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) will apply to all permanent posts.
14	PROPOSED PROCUREMENT ARRANGEMENTS
14.1	Procurement Route and EU Implications: A 'Find a Tender' notice will be published and will follow the Procurement Regulations during this process to ensure that this is transparent and fair to all bidders. This will be a restricted procedure process.
14.2	Resources, Project Management and Key Milestones:

Key Milestones	
CPIC meeting	17th January 2022
Stage 1 - Publish Find A Tender	18th January 2022
Closing date for Tender Submissions	18th February 2022
SQ evaluation	21st February - 4th March 2022
Stage 2 - Invitation to Tender	31st March 2022
Closing date for Tender Submission	29th April 2022
Tender Evaluation	3rd -18th May 2022
CPIC Meeting	September 2022
Alcatel Period	September 2022
Mobilisation period	November 2022
Start on site / Contract start	December 2022

- 14.3 Contract Documents:** A comprehensive service specification has been drafted and a final version will be available to potential bidders alongside other tender documents such as the Selection Questionnaire and pricing schedule. The SQ and ITT documentation will be produced by LB Hackney's procurement team. Bidders will complete a selection questionnaire that will assess their financial standing, professional capability and will narrow the numbers permitted to submit their bids. The tender documents will be evaluated based on price 60% and quality

40 %. It is anticipated that following the completion of a successful tender process a contract will be awarded to a single organisation.

- 14.4 Sub-division of contracts into Lots:** This is not a large contract so will not need to be divided into smaller Lots.
- 14.5 Contract Management:** The contract will be managed by the PSS Manager and PSS Team. No additional resources will be required. Success will be measured at monthly meetings with the contractor.
- 14.6 Key Performance Indicators:** There will be key performance indicators that will be monitored and will be related to timescale, budget and quality. This is the same as the existing KPI's; an example of the current SLA sheets can be seen at Appendix A.

15 COMMENTS OF THE GROUP DIRECTOR, FINANCE & CORPORATE RESOURCES

- 15.1** The service has budget provision for this service and therefore supports the extension and re-tendering of the contract under current contractual terms.

16 VAT Implications on Land & Property Transactions

Not applicable.

17 COMMENTS OF THE DIRECTOR, LEGAL & GOVERNANCE SERVICES

- 17.1** Paragraph 2.7.7 of Contract Standing Orders (CSO's) states that all procurements with a risk assessment of "Medium Risk" will be overseen by the Hackney Procurement Board at the Business Case stage. However, CSO 2.7.11 gives discretion to the Chair of Hackney Procurement Board to refer any Business Case to CPIC for a decision. The Chair of Hackney Procurement Board has confirmed that he is exercising such discretion in respect of this Report and therefore it is being presented to CPIC for approval.
- 17.2** The PSS Monitoring Contract ("the Contract") has a value in excess of the threshold at which the Public Contract Regulations 2015 ("the Regulations") apply for the procurement of services, currently £189,330, and, as such, must be procured in accordance with the Regulations. This includes publishing a contract notice on 'Find a Tender' and complying with the timescales as set out within the Regulations. As

detailed in the Report, it is intended that the Contract shall be procured in accordance with the Restricted procedure in line with Regulation 28 of the Regulations. Officers should also ensure full compliance with the requirements of the CSO's including seeking approval to award the contract from the CPIC.

- 17.3 In respect of the recommendation for a nine month extension of the current contract, Regulation 72 (e) of the Regulations permits for modifications to be made to a contract where this is deemed not to be 'substantial'. As the value of the extension falls below the relevant threshold for services, is less than 10% of the value of the original contract and does not alter the overall nature of the contract, the extension will be permitted under the Regulations. It should be noted however, that the Regulations consider the cumulative value of the modifications made pursuant to Regulation 72 (e) and as such a full 10% freedom to vary will not be permitted each time a further modification to the contract is proposed.

18 COMMENTS OF THE PROCUREMENT CATEGORY LEAD

- 18.1 The proposed contract is valued up to £5,000,000 which is above the relevant UK public procurement threshold (Services) and must be awarded in accordance with the relevant procedures set out in the Public Contracts Regulations 2015. The Council's Contract Standing Order 2.5.2 requires that the Business Case for a Medium risk procurement of this value be approved by the Hackney Procurement Board. Given the significance of this contract, the Head of Procurement is exercising discretion to escalate the report for approval by the Cabinet Procurement and Insourcing Committee.
- 18.2 Procurement of the contract via a Restricted competitive tender process is supported as an appropriate and compliant route as set out in the report and in accordance with market conditions.
- 18.3 The Insourcing option has been thoroughly explored by the service and the reasons that this is not the preferred approach are detailed in the report and appendices.
- 18.4 In support of the Council's Sustainable Procurement Strategy, the new procurement will focus on workforce matters, ensuring that pay and conditions are in line with those of the Council's own workforce where possible.
- 18.5 Extension of the existing service contract is supported to facilitate the tender process. The total value of this contract is above the relevant UK

public procurement threshold (Services), and not provided for within the original agreement. This is therefore presented for approval by Cabinet Procurement and Insourcing Committee in accordance with Contract Standing Order 4.8.

- 18.6 The timeline for the procurement process is reasonable to ensure commencement of the new contract in December 2022, and will be fully supported by the central Procurement team.

APPENDICES

EXEMPT

Exempt Appendix A - Contract monitoring

Exempt Appendix B - SLA scorings

Exempt Appendix C - Insourcing study

Exempt Appendix D - Counsel's Opinion on PSIA 2001 and LAs (separate document)

Exempt Appendix E - LGA Further opinion. (separate document)

By Virtue of Paragraph(s) 3 Part 1 of schedule 12A of the Local Government Act 1972, appendices A - E are exempt because they contain information relating to the financial or business affairs of any particular person (including the authority holding the information) and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

BACKGROUND PAPERS

In accordance with The Local Authorities (Executive Arrangements) (Meetings and Access to Information) England Regulations 2012 publication of Background Papers used in the preparation of reports is required

Description of document (or None)

None

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