

## MINUTES OF A MEETING OF THE CABINET PROCUREMENT AND INSOURCING COMMITTEE

MONDAY 11 APRIL 2022

<b>Chair</b>	<b>Councillor Robert Chapman in the Chair</b>
<b>Councillors Present:</b>	<b>Cllr Christopher Kennedy and Cllr Caroline Woodley</b>
<b>Apologies:</b>	<b>Deputy Mayor Anntoinette Bramble</b>
<b>Officers in Attendance</b>	<b>Rotimi Ajilore, Head of Procurement Andrew Spragg, Team Leader - Governance</b>  <b><u>Attending remotely</u></b> <b>Candace Bloomfield, Directorate Procurement Manager</b> <b>Dawn Cafferty, Procurement Category Lead - Social Care and Corporate Services</b> <b>Merle Ferguson, Procurement Strategy and Systems Lead</b> <b>Ron Greenwood, Project Manager, Regeneration and Capital Programme Delivery</b> <b>Jane Havemann, Interim Head of Estate Regeneration</b> <b>Mario Kahraman, Senior ICT Support Analyst</b> <b>Robert Mathison, Interim Head of Property and Asset Management</b> <b>Nkencho Okonta, Trainee Solicitor</b> <b>Chantelle Pink, Contracts and Procurement Lawyer</b> <b>Kain Roach, Interim Head of Building Maintenance</b>

### **1 Apologies for Absence**

1.1 Apologies were received from Deputy Mayor Bramble.

### **2 Urgent Business**

2.1 There was no urgent business to consider.

### **3 Declarations of Interest - Members to declare as appropriate**

3.1 There were no declarations of interest.

### **4 Notice of Intention to Conduct Business in Private, Any Representation Received and the Response to Any Such Representations**

4.1 There were no representations to consider.

## 5 Deputations/Petitions/Questions

5.1 There were none received.

## 6 Unrestricted Minutes of the Previous Meeting of Cabinet Procurement and Insourcing Committee Held on 7 March 2022

### Resolved:

That the minutes of the Cabinet Procurement and Insourcing Committee held on 7 March 2022 are agreed as an accurate record of the meeting.

## 7 Procurement for General Building Dedicated for ASMs; and Contract Variation Request on the Existing Contract Sum for P2014 General Building Works Contract 2 NH S054

7.1 The report was introduced by the Interim Head of Building Maintenance. Cllr Woodley queried what the target was for bringing services in-house. It was noted that there would always be a need for external contractors in certain circumstances, though the focus was moving the balance to greater in-house delivery while demonstrating value for money over the next five year period.

### Resolved:

To vary the General Building Works for Area Surveying Managers (ASMs) Contract dated 01/10/2015 in favour of the existing Contractor until 31/03/2023 for an increased value of £7,098,000.00 excluding vat (£8,517,600 including VAT) to allow for the reprocurement of the service. This variation represents 15% of variation of the current contract value of £47M (excluding VAT) to support unplanned and unexpected works including both COVID and emergency works.

To procure four contractors to support the Building Maintenance service:

Lot 1, General Building Works for Area Surveying Managers (ASMs) for a period of 4 years with an option to extend up to a further 4 years for estimated contract value of £48M (excluding Vat):

- i) Contract 1: The first ranked contractor will be allocated 60% of the work on a value basis.
- ii) Contract 2: The second ranked contractor will be allocated 40% of the work on a value basis.

Lot 2: DLO Support Contractors for a period of 2 years with an option to extend up to a further 1 year for estimated contract value of £2m excluding VAT:

- i) Contract 1: The first ranked contractor will be allocated 60% of the work on a value basis.
- ii) Contract 2: The second ranked contractor will be allocated 40% of the work on a value basis.

### Reasons for Decision:

The existing contract for ASM was not expected to reach the levels of expenditure before the end of the contract term and this was unforeseen due to the increase in demand. It has therefore been decided to bring the procurement of the new service forward to limit the size of contract variation and to allow competition.

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Some of the reasons for the increased expenditure was for fire safety works which have become more pressing since the introduction of recommendations after Grenfell as well as supporting repairs to housing services during COVID.

According to our finance team report (Payment Cert Logs-2021-2022), the existing contractor has spent £40,265,513 by 7th December 2021, and Hackney's remaining value would be £7,054,487. Considering work in progress, £1,738,143.16 Hackney's remaining value is £5,316,344.04.

Therefore, due to market fluctuations, the massive demand in Hackney and the lack of supply in the other areas of the Council such as PAM, FRA, Regeneration, VOIDS, and electrical a 15% increase in the total contract value, would meet the Council's needs and therefore a variation of £7,098,000.00 is required.

The historic performance of the existing contractor prior to the cyberattack has been satisfactory in terms of quality of work and service delivery. The Building Maintenance team has been working with the ICT services to develop a robust process to quantify and evaluate the contractor performance information by using our in-house Business Intelligence capabilities and to publish performance dashboards.

### Reasons For Lot 1 And Lot 2

The reasons for splitting the new contracts into two lots with 2 contracts each are:

For Lot 1: The existing expenditure against the contract is close to the awarded value of the contract

The DLO is planning to expand over the years and these contracts will support the insourcing of services

The pre-tender estimate of these packages is above the UK threshold for works and a Find a Tender procurement is considered likely to result in a competitive market price.

This option delivers measurable benefits in that access to an external repairs resource directly contracted to the ASM and the DLO will enable:

- i) DLO to have a friendly and positive competition against the General Building Works Contractors - Lot 1
- ii) Undertake larger works, including those where minor elements were outside of its skills base.
- iii) Manage fluctuations in workload while keeping the in house workforce fully employed at all times, including better managing the adoption of new work streams and the expansion of the in house team.
- iv) Have direct access to external repair resources and better contribute to the housing emergency plan in accessing an additional repairs capacity in the event of a critical failure of current arrangements.
- v) Deliver equal or better value for money than issuing these works to the P2014 contractors.

Bidders returns from both lots will be benchmarked against existing other contracts and the in-house service to ensure value for money.

Both lots work shall be on a 60:40 value basis, split between the two appointed contractors for each Lot as determined by their tender ranking. That allocation shall continue unless either one of the two awarded contractors were terminated on performance grounds or in the event of one of the contractors giving Notice of Termination, thus enabling London Borough of Hackney to have a contingency plan in place.

## 8 Lift Replacement and Maintenance Procurement Business Case NH S076

- 8.1 The Interim Head of Property and Asset Management introduced the report. It was confirmed that the use of two contractors was an explicit requirement of the procurement exercise, and that the geographical split would secure benefits in terms of contractor vehicles covering a smaller area. The Chair welcomed the supplementary paper, but commented he would like to see some firmer Key Performance Indicators (KPIs) on how the contract would deliver the Council's sustainable procurement priorities. Officers gave assurances that this would be taken into account, citing the use of training and opportunities for local apprenticeships as being a component of the procurement exercise.

### **Resolved:**

That Cabinet Procurement and Insourcing Committee approves the procurement of two (2) contracts to undertake servicing and maintenance as well as lift refurbishments to Hackney's housing stock for a period of five (5) years with an option to extend for a further five (5) years.

### **Reasons for Decision:**

The proposed lift replacement and maintenance contracts are required to ensure that Hackney Council meets its statutory requirements as a landlord and ensures the safety of its residents. In addition, it will ensure that lifts are out of service for the minimum time possible. The contracts will enable Hackney to achieve its objective to undertake capital investment within its significant lift portfolio thus minimising breakdowns and ensuring longevity of the lifts. As a result of the significant statutory and reputational impact of not having a suitable lift contract in place the procurement of a lift contract can be considered of high risk to the Council.

## 9 Electrical Fire Safety: Large Blocks and Street Properties Contact Award and Update on Property and Asset Management Procurement Contract Approval NH S072

- 9.1 The Interim Head of Property and Asset Management introduced the report. Questions were reserved for the exempt session, following which the Committee approved the recommendations.

### **Resolved:**

That Cabinet Procurement and Insourcing Committee approves the award of the following contracts:

Electrical Fire Safety:

- Lot 1 - Large Blocks: Contractor 1 in Appendix A (Exempt) for a term of 5 years with an option to extend the contract for up to a further 5 years
- Lot 2 - Street Properties: Contractor 1 in Appendix A (Exempt) for a term of 5 years with an option to extend the contract for up to a further 5 years

To note the update on the procurement of the framework for internal and external works.

### **Reasons for Decision:**

The proposed Electrical Fire Safety contracts are required to ensure that Hackney Council meets its statutory requirements as a landlord and ensures the safety of its residents. The contract will be able to ensure that all properties that require fire protection systems such as fire alarm systems, communal and emergency lighting and automatic opening vents can either

have these installed or upgraded. The contract will also enable the necessary servicing and testing as well as repairs to be undertaken.

**10 Update on the Selection of a Contractor for the Construction of Mixed Tenure Homes at Kings Crescent Estate - Phases 3&4 CE S077**

- 10.1 The Project Manager, Regeneration and Capital Programme Delivery introduced the report. The Committee discussed questions regarding the delegation of authority, and whether there was scope to look at the manner in which the Committee conducted business. It was confirmed that the delegation to the Group Director was valid although the individual was yet to assume their post. The Team Leader, Governance confirmed that a Delegated Powers Report by the Chief Executive had allocated approval to the relevant Service or Strategic Director as an interim arrangement while the Group Director recruitment was taking place.
- 10.2 Following some questions raised in the exempt session, the Committee approved the recommendations.

**Resolved:**

To delegate the approval of the Contract Award for Kings Crescent Phases 3&4 to the Group Director, Climate, Homes and Economy in consultation with the Group Director, Finance and Corporate Resources.

**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+.

**11 Any Other Unrestricted Business the Chair Considers to Be Urgent**

- 11.1 There was no urgent business to consider. The Chair noted that Andy Spragg would be leaving Hackney at the end of the month to take up a role as Head of Governance at the General Optical Council. The Committee thanked him for his support.

**12 Exclusion of the Public and Press**

**Resolved:**

THAT the press and public be excluded from the proceedings of the Cabinet Procurement and Insourcing Committee during consideration of Exempt items 13-14 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.

**13 Electrical Fire Safety: Large Blocks and Street Properties Contact Award and Update on Property and Asset Management Procurement Contract Approval NH S072**

- 13.1 The Committee asked a number of questions under the exempt item, before approving the recommendations set out under item 9.

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**14 Update on the Selection of a Contractor for the Construction of Mixed Tenure Homes at Kings Crescent Estate - Phases 3&4 CE S077**

14.1 The Committee asked a number of questions under the exempt item, before approving the recommendations set out under item 10.

**15 Any Other Exempt Business the Chair Considers to Be Urgent**

15.1 There was no urgent business to consider.

**Duration of the meeting:** 5pm - 5.45 pm

**Contact:**

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