

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

**MONDAY 7 NOVEMBER 2022**

Link to Livestream: <https://youtu.be/4aPs7COu25s>

**Councillors Present:** **Councillor Robert Chapman in the Chair**  
**Cllr Anntoinette Bramble, Cllr Caroline Woodley,**  
**and Cllr Christopher Kennedy**

**Officers in Attendance Virtually:** Peter Lovell (Chief Estimator and Technical Officer), Andy Wells (Civil Protection Service Manager), Oliver Martin, (Public Space Surveillance Manager), Divine Ihekwoaba (Category Lead - Construction and Environment), Leila Gillespie (Procurement Category Lead - Corporate Services), Lola Olawole (Senior Procurement and Contracts Officer), Merle Ferguson (Procurement Strategy and Systems Lead), Patrick Rodger (Senior Lawyer), and Timothy Lee (Procurement Category Lead - Social Care and Health).

**Also in Attendance:** Rotimi Ajilore (Head of Procurement) and Rabiya Khatun (Governance Officer).

### **1 APOLOGIES FOR ABSENCE**

1.1 There were no apologies for absence

### **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 no deputations, petitions or questions received.

**6 UNRESTRICTED MINUTES OF THE PREVIOUS MEETING OF CABINET PROCUREMENT COMMITTEE HELD ON**

**RESOLVED:**

**That the unrestricted minutes of the Cabinet Procurement and Insourcing Committee held on 3 October 2022 be approved.**

**7 CHE S141 Housing Repairs Material Framework award [18-034]**

7.1 Peter Lovell, Chief Estimator and Technical Officer introduced the report outlining the contract award for the Building Materials contract to support the in-house DLO team within Building Maintenance of the Housing Repairs Services. There would be a break in the contract to allow for flexibility and to undertake a soft market test against other supply frameworks to determine whether a formal tendering exercise would provide better value during year two. The emphasis on the high quality score was to ensure that a good quality repair service was offered to residents and overall costs remained within budget without adversely impacting on operatives productivity.

7.2 The Chief Estimator and Technical Officer replied that the price reviews for Lots 1 and 2 would be undertaken quarterly due to the current volatility in the construction material supply market for commodities such as gas and plumbing supplies, and committing suppliers to 12 monthly reviews would have pushed tender prices up.

7.3 With regard to there being no savings and concerns relating to the electrical supplies, the Chief Estimator and Technical Officer indicated that there had been an increase of between 2% and 11% for the individual lots and an overall increase of 6.4% on the historic 2019/20 material basket rates, which was considered good value given the current challenges including inflationary pressures since April 2020 and volatility in the construction market. Due to a data breach in October 2020 there was no data available for 2020/21 and also the limited number of electrical items for Lot 4 made it difficult to compare prices on the framework, however, the tendered rates and overall savings represented good value for money in a challenging economic environment.

7.4 The Chair referred to the sustainability issues of procuring for a better society and procuring for fair delivery and requested that a briefing note be prepared in consultation with the Procurement team addressing how these sustainability issues would be measured such as Key Performance Indicators, any issues identified such as a requirement to have local depots and monitoring any issues with the supply chain.

**ACTION:** The Chief Estimator and Technical Officer to prepare a briefing note in consultation with the Procurement team addressing the sustainability issues and to circulate to Committee Members.

**RESOLVED:**

To award the following five trade packages supply term contracts via the Pfh framework agreement as four year contracts [2+1+1] to the first and second highest scoring suppliers as set out in appendix A:

- 1) Lot 1 - Plumbing supplies
- 2) Lot 1 - Heating supplies
- 3) Lot 2 - gas spares
- 4) Lot 3 - General building supplies
- 5) Lot 4 - electrical supplies

(Ten contracts in total as detailed at paragraphs 2.3, 4.1 and 9.2 of the report)

## **REASONS FOR DECISION/OPTIONS APPRAISAL**

To maintain the council's statutory obligations and its intention to provide an excellent repairs service to tenants the Housing services in-house repairs team require a flexible and robust material supply chain which will deliver good value and a high quality service in accordance with our KPI criteria as listed at 10.2

Awarding these contracts will secure the in-house housing repairs team long term supply arrangements at competitive market rates, at a time of volatile supply and pricing.

Appointing two suppliers within each supply category will maintain continuing market tension throughout the life of the arrangements and provide a live alternative supplier enhancing supply resilience if any supplier performance becomes an issue.

Recruiting suppliers within the Pfh framework accesses the significant buying power of an organisation which purchases in excess of £100m per year together with [at no cost to Hackney] ongoing support and price management including

- Attending quarterly contractor review meetings
- Supporting the monitoring & managing of SLA's & KPI's
- Maintaining the agreed price lists
- Providing a robust price review process and challenging increases in accordance with the framework agreement. This provides an enhanced degree of price certainty, transparency and avoids cost drift.
- Pfh's strong market presence facilitates close relationships with key manufactures enabling enhanced discounts and tailored solutions through the supply chain to enhance value for money
- Quantum billing – all material billing onto one platform to simplify processes and reduce transaction costs

Previous arrangements have shown that long term material procurement involving high volumes, fluctuating prices often sensitive to international commodity market trends coupled with ongoing variations in client requirements and changes to specifications etc. can introduce a considerable divergence in the purchasing list away from that included in any initial tendering arrangement and without the competitive tension a gradual move away from best value.

Using the Pfh framework arrangement with its prescribed mechanisms for introducing new items and supplier price reviews based on evidenced cost increases and Pfh market intelligence has previously proved very effective in maintaining value.

In addition Pfh's considerable market presence and strong relationship with manufactures has enabled detailed intelligence from manufacturers in corroborating suppliers requested price increases and given influence in arranging discounted rates directly with manufacturers

**ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED)**

See section 8 within the report.

- outsourcing the stores function
- open tendering
- direct award through the Pfh Framework

**8 NH S142 Public Space Surveillance Monitoring Contract (DN618422)**

8.1 Andy Wells, Civil Protection Service Manager, introduced the report seeking approval for the award of a seven year contract for the provision of Public Space Surveillance Operators. It was highlighted that the spend for 2022/23 would be contained within the existing budget and the annual cost of living salary increases would necessitate a budget increase annually, similar to the staff budget increases. Staff on the existing contract would be TUPE to the new contract ensuring continuity of staff knowledge and expertise.

8.2 The Head of Procurement replied that a revised report had been published on the Council's website removing the name of the supplier awarded the contract. This confidential information had been made public in error and this issue had been addressed with the relevant officers.

8.3 With regard to procuring for a better society and fair delivery, the Civil Protection Service Manager stated that Supplier C had committed to the social value initiatives within the contract and that the staff retained were mainly local people with local knowledge that was essential to the efficiency of the contract. All staff employed for this contract were in post and there were no current plans to recruit any apprentices.

8.4 In terms of monitoring the contract, a dual level of control would be implemented with the Public Space Events Manager and his staff undertaking monthly monitoring meetings with the contractor and quarterly management meetings being held by the Civil Protection Service Manager and the Area Representative of the company. The monitoring arrangement had worked well previously and it was anticipated that this would continue in future.

8.5 The Chair thanked the officer and his team for their work.

8.6 The discussion of the exempt appendices are set out in item 13 of the exempt minutes of the meeting.

**RESOLVED:**

- 1. To approve the award of the new Public Space Surveillance Monitoring contract commencing 01/12/2022 to Marston Holdings for a period of three years with the option to extend for a further two, two year periods providing a total possible contract period of seven years, for the estimated contract value of £4.5m.**

2. The spend for 2022/23 is contained within the existing budget. The annual 'cost of living' salary increases will necessitate a budget increase each year, in the same manner that staff budgets are increased.

## **REASONS FOR DECISION/OPTIONS APPRAISAL.**

1. Following the approval of the CPIC business case (FCR S046), a tender process was executed by Procurement and the Civil Protection Service, the bids were evaluated and moderated and a preferred bidder was selected.
2. The existing contract was awarded on 1st 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 30th November 2022, after an extension was granted by CPIC meeting in January 2022. This report seeks permission to award a new contract to the recommended Supplier C for 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 the initial 3 year period is £1.76m. The PSS Team has carried out a study into insourcing to consider this as an option for the service and presented options to CPIC, resulting in a decision to not in-source the service.
3. A detailed Business Case and Options Appraisal was undertaken, as detailed in the previous report referred to in 4.1. The decision was made to let a new 'out-sourced' contract using similar terms and conditions for staff to the existing contract.

## **ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED)**

In-Source and cease licensable activity, to remove the need for licensing.

1. 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.
2. Let a new 'out-sourced' contract using similar terms and conditions for staff to the existing contract. (preferred option).
3. 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.
4. To set up an independent Trading Company to undertake the PSS monitoring service.

## **9 ANY OTHER UNRESTRICTED BUSINESS THE CHAIR CONSIDERS TO BE URGENT**

- 9.1 There was no urgent business to consider.

## **10 EXCLUSION OF THE PUBLIC AND PRESS**

### **10.1 RESOLVED**

**That the press and public be excluded from the proceedings of the Cabinet Procurement and Insourcing Committee during consideration of Exempt items 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**

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would be disclosure of exempt information as defined in paragraph 3 of Schedule 12A to the Local Government Act 1972 as amended.

**11 EXEMPT MINUTES OF THE PREVIOUS MEETING OF CABINET  
PROCUREMENT COMMITTEE HELD ON 3 OCTOBER 2022**

**RESOLVED:**

**That the restricted minutes of the Cabinet Procurement and Insourcing Committee held on 3 October 2022 be approved.**

**12 CHE S141 Housing Repairs Material Framework award [18-034]**

12.1 The discussion and decision are set out in item 7.

**13 NH S142 Public Space Surveillance Monitoring Contract (DN618422)**

13.1 The discussion is set out in the restricted minutes of the meeting.

**14 ANY OTHER EXEMPT BUSINESS THE CHAIR CONSIDERS TO BE  
URGENT**

14.1 There was no urgent business to consider.

**Duration of the meeting: 5.05 - 5.45 pm**

Councillor Robert Chapman  
Chair of the Committee