

LONDON BOROUGH OF CROYDON – PART A

REPORT:	OFFICER DELEGATED KEY DECISION	
DATE OF DECISION	16 July 2024	
REPORT TITLE:	Croydon Community Equipment Service – procurement of a partner: contract award	
CORPORATE DIRECTOR / DIRECTOR:	Annette McPartland, Corporate Director of Adult Social Care & Health	
LEAD OFFICER:	Nigel Kletz Commercial and Contracts Improvement Advisor nigel.kletz@croydon.gov.uk	
LEAD MEMBER:	Cllr Yvette Hopley, Cabinet Member for Adult Social Care and Health	
DECISION TAKER:	Annette McPartland, Corporate Director of Adult Social Care & Health	
AUTHORITY TO TAKE DECISION:	The Annual Procurement Plan report to Cabinet for Q1 2023/24 delegated the approval of the Contract Award to the Corporate Director	
KEY DECISION? [Insert Ref. Number if a Key Decision]	Yes	key decision reference: 0324ASCH This is an Executive Decision delegated to the Lead Member and makes savings of more than £1,000,000 which the decision-taker considers is significant having regard to the Council’s budget for the service or function to which the decision relates
CONTAINS EXEMPT INFORMATION?	YES	Public with exempt appendices Grounds for the exemption: Exempt under paragraph 3 of Schedule 12A of the Local Government Act 1972 and the public interest in withholding disclosure outweighs the public interest in disclosure.
WARDS AFFECTED:	All	

1 SUMMARY OF REPORT

- 1.1 A Transformation Project was approved in December 2022 for the Council’s Community Equipment Service (CES) to analyse:
- the actual cost to residents of CES;
 - the benchmarked costs of CES, its financial performance, and any opportunities available to reduce the burden and risk for the Council for the future, in line with its restated priorities; and

- options for alternative future delivery, including risks and benefits.
- 1.2 The review process included many internal and external reviews and recommended that the Council should no longer deliver this service and instead establish an employee owned mutual (Mutual). An externally procured partner (Partner) would provide business support and development services to the Mutual, further reducing risk for the Council. A Strategy Report was approved by the Lead Member in October 2023 (PB-2324-000018-S).
 - 1.3 A Competitive Dialogue procurement process commenced in November 2023 and comprised: (i) a bidder day in December 2023; (ii) selection stage;(iii) submission of Initial Tenders; (iv) dialogue during April/May 2024; and (v) submission of Final Tenders,
 - 1.4 Following Final Tender evaluation, a preferred bidder has been identified as the potential Partner (Preferred Bidder). Following the contract award it is proposed to complete contract, incorporate the Mutual and finalise associated documentation during July 2024 with full service commencement on 1st October following a mobilisation period.
 - 1.5 The Partner will become a minority shareholder in the Mutual and its proposed level of ownership is detailed in the Part B report.
 - 1.6 The financial benefit to the Council outlined in the Strategy Report remains largely unchanged with a reduction due to changes in a number of project assumptions that arose In the course of the procurement. These are detailed in the Financial Implications in the Part B report. The project still delivers £2m of financial benefit to the Council.
 - 1.7 The Council will transfer the existing CES stock to the Mutual and provide a loan repayable by the Mutual to the Council over a 5-year period at a commercial rate of interest. The total loan is valued at £1.9m and includes £0.5m of working capital.
 - 1.8 The Mutual will be granted a 25 year lease over the Council's premises at Imperial Way subject to internal governance approval. These premises are currently occupied by CES and have been designated for disposal.
 - 1.9 A detailed mobilisation plan has been prepared in readiness for the Partner to commence services delivery through an arrangement with the Mutual from 1st October 2024. This plan is summarised in section 4 and includes employee consultation prior to transfer of employment pursuant the TUPE and a detailed stock take in September 2024.

2 RECOMMENDATIONS

FOR CCB

The Contracts and Commissioning Board with the approval of the Cabinet Member for Adult Social Care and Health and the Cabinet Member for Finance is requested to approve the recommendations in this report to the Corporate Director of Adult Social Care and Health.

FOR CORPORATE DIRECTOR

For the reasons set out in the report and its appendices, the Contracts and Commissioning Board recommends to the Corporate Director of Adult Social Care & Health to:

- 2.1 approve the award of a contract (Partnering Agreement) to the Preferred Partner identified in Part B of this report for a term of seven years with the option for the

Council to extend for a further three years, with a maximum contract value of £42,971,673. The Partnering Agreement is for the provision of CES to the Council (CES Services), business support and development services to the Mutual (Partnering Services), and also entry into a framework agreement in relation to CES services (Framework Services). The CES Services and Framework Services will be provided, by the Partner, through means of a flow-down agreement (Flow Down) between the Partner and the Mutual;

- 2.2** note that the contract value stated above in relation to the Partnering Agreement excludes the value of the CES Services provided under existing contracts held by the Council with other local authorities (including an inter-authority collaboration agreement for the Provision and Maintenance of a Community Equipment Shared Service Framework hosted by the Council). Such contractual arrangements will in future be fulfilled by the Council through the CES Services element of the Partnering Agreement;
- 2.3** note that bid details concerning the Delivery Partner's minority interest in the mutual are set out in Part B of this report;
- 2.4** agree that subject to (i) any discussions held to 'clarify, specify and optimise' the Preferred Bidder's Final Tender or otherwise finalise the terms of the Partnering Agreement and other transaction documents to the satisfaction of the Council; and (ii) there being no material alteration to either the scope of the Preferred Bidder's Final Tender or matters set out in this report, the Director of Legal Services is authorised to arrange for the execution of the Project Agreement and other transaction documents referred to in this report);
- 2.5** note the establishment of the Mutual and that, as part of the transaction, (and subject to further internal governance approvals being obtained as applicable) a) certain CES-related Council assets will be transferred to the Mutual pursuant to a business transfer agreement (BTA), b) a 25-year lease over the Council's premises at Imperial Way will be granted and c) seed funding of up to £500k and a loan facility of £1.9m will be granted;
- 2.6** note that the overall savings to the Council remain broadly in line with the details previously advised in the Strategy Report, with some reductions as detailed in the Part B report;
- 2.7** note that a draw-down from the transformation project budget totalling £334k has enabled the successful delivery of the project.

3 REASONS FOR RECOMMENDATIONS

- 3.1** This project delivers the Council priorities outlined in the Executive Mayor's Business Plan to: strengthen collaboration and joint working with partner organisations and the

voluntary, community and faith sectors; and work with partners and the VCFS to promote independence, health and wellbeing and keep vulnerable adults safe.

- 3.2** Following the justification to commence the competitive dialogue procurement detailed in the Strategy Report (approval number PB-2324-000018-S), the procurement process identified market interest enabling the Council to progress through each stage. The benefits to the Council that will be realised and remain unchanged from those set out in the Strategy Report and will deliver best value for money for the Council. The Final Tender submitted by the Preferred Bidder align with the interests of the Council and the needs of the Mutual.
- 3.3** The procurement has been delivered on plan and the Council benefits will be delivered in line with the proposals in the Financial Implications section.

4 BACKGROUND AND DETAILS

Procurement Process

- 4.1** The procurement process did not materially deviate from the process outlined within the procurement strategy report (PB-2324-000018-S).
- 4.2** A Find a Tender Notice was published on 27th November 2023 and a bidder briefing day held at the Croydon Living Independently Centre (CLIC) in December 2023, with a presentation by the Cabinet Members for ASCH. Representatives from approximately 6 different organisations attended.
- 4.3** Selection Questionnaire responses (SQs) were received from four applicants, each of which passed this selection stage .
- 4.4** The Initial Tender was issued on 9th February 2024 to the qualified bidders and a further briefing held with each bidder to explain the contract structure and documentation, the CES business plan and unique structure of this procurement.
- 4.5** The ISIT responses were evaluated against the criteria identified in section 6.6 of the Strategy Report by a team comprising representatives from: CES – Head of Service, Finance and Operations; Adults Commissioning, Programme Management and an external advisor. The financial evaluation scored the level of shareholding the bidders sought, phased over time. Responses to three of the quality questions were also evaluated by six members of CES staff.
- 4.6** Bidders were invited to a series of dialogue meetings held in person at CLIC over a three week period in April and May 2024. The purpose of the dialogue was to
- 4.6.1 Give qualitative feedback following Initial Tender to help bidders improve their bids.
 - 4.6.2 Help bidders to understand the risk-to-reward ratio associated with their involvement and develop innovative ideas on how they would support the Mutual.

- 4.6.3 Discuss thoughts on the proposed solutions set out in Initial Tenders so they could be adapted to best fit the Mutual's needs giving the process a greater likelihood of success.
 - 4.6.4 Enable the Mutual to better understand the support offered by the bidders and how to collaborate with the Partner.
 - 4.6.5 Ensure the Council gains assurance of Bidders commitment to support the Mutual's economic success and robust operational performance.
 - 4.6.6 Ensure thorough understanding of the business models and legal structures to avoid any legal or contractual issues post-dialogue.
 - 4.6.7 Enable a specification of the Partnering Services to be created.
- 4.7** A meeting was also held with a group of CES staff which enabled bidders to gain a sense of staff commitment and staff to question the bidders in return.
 - 4.8** The Invitation to Submit Final Tenders (ISFT) was issued on 21st May 2024 and the Final Tender received on 4th June 2024.
 - 4.9** A moderation process following the individual evaluations was facilitated at each stage (SQ, ISIT, ISFT) by Procurement and the Head of Strategic Commissioning & Improvement to arrive at agreed scores for each bidder and each question.
 - 4.10** The Preferred Bidder's Final Tender will form the specification of the Partnering Services.
 - 4.11** The structure of the Partnering Agreement with CES Service, Partnering Services and Framework Services remains consistent with the approach defined in sections 5 and 6 of the Strategy Report.
 - 4.12** The procurement process itself has been conducted efficiently and effectively to deliver a successful outcome ahead of the original plan. This will allow additional time for contract completion and mobilisation, which significantly reduces the risks for the Mutual and therefore the Council.
 - 4.13** Following contract award the intention is to proceed to signing the Partnering Agreement and all associated documents during July 2024. The Partnering Agreement commences on the date the contracts are signed, with service delivery by the Mutual to commence on 1st October 2024.

Post Procurement Mobilisation Plan

- 4.14** The following mobilisation plan has been developed for the period up to and immediately following service commencement. This includes working with and receiving support from the Partner who provided a detailed mobilisation plan as part of its Final Tender.

Activity	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24
Procurement													
Mutual naming													
Employee ownership Trust incorporation													
Mutual incorporation													
Banking arrangement													
Council SLA (Lease, waste, Fuel,etc...)													
Third-party agreements (utilities, services)													
Implement partner's mobilisation plan													
TUPE transfer consultation													
Website design and build													
Rebranding (Site, vehicles, Uniform)													
New Policies and procedures													
Transfer of staff & Assets to the Mutual													
Service commencement													

4.15 It is possible that the Council may provide services to the Mutual for a period of time following service commencement. These arrangements will be finalised during the mobilisation period and provided on commercial terms.

4.16 The lease under which the Mutual will occupy the CES premises are outlined in the Property Implications section, 8.5.

Contract management arrangements

4.17 The proposed contract management arrangements were set out in section 6.15-6.20 of the Strategy Report. Since then a dedicated Senior Commissioning and Contracts Officer within Adult Social Care & Health has been identified and will be the main contact to the Partner/Mutual. This role will initially be supported by the Strategic Commissioning Manager, at the start of the Partnering Agreement to ensure that everything has bedded down appropriately and if any further support is required to smooth relations or any functions. The Strategic Commissioning Manager has been a part of the procurement process and is aware of the complexity associated with the contract and the relationship between all parties.

4.18 Members of the commissioning team have been briefed on the project and the procurement by the Programme Manager to ensure a greater understanding of how the arrangement should work going forward, this is to support not only the future monitoring of the service but to ensure that all members of the team are up to speed so that we avoid single points of failure. Contract monitoring will take place monthly so that regular formalised communication is taking place between the Mutual and the council. Once all parties feel assured, it is recommended that this gradually drops down to bi-monthly and even quarterly going forward as long as this level supports the new contract management proposals that are currently being developed by Corporate Procurement. Contract monitoring will be established once the procurement process has been substantially completed so that we have a clear baseline of activity and reporting whilst the service remains part of the Council which can be used as a baseline once the mutual has left the Council. Representatives from Children’s Services Commissioning Team will also be involved in contract monitoring.

4.19 Contract management meetings will be organised into two parts - Part A and a Part B. Part A will take place between the Partner/Mutual and the commissioner to discuss service delivery, customer feedback, KPIs, outcomes, payments, and service improvements. This will also provide the space for future horizon scanning and understanding what new services may be able to be delivered under the Partnering Agreement . This will be critical as we begin to assess how we can effectively build Technology Enabled Care (TEC) into our future service model for Adult Social Care & Health. This could also present opportunities for partnership working with other directorates and statutory partners.

Part B will take place with additional operational members of the Adult Social Care & Health Team (mainly Principal Occupational Therapist) to openly discuss equipment usage and prescribing activity to support the management of the pooled budget. The Community Equipment Service already produce an extensive report outlining a clear analysis of equipment, spend, summaries by team, deliveries, collections, and repairs.

4.20 The contract manager for the Partner/Mutual will also be the Council's key contact for the existing third party customers. This includes the Local Authorities who are party to the Collaboration Agreement and the brokerage customers and are already and will continue to receive CES services. These contracts are "evergreen" with no defined end date and will remain between the Council and the third party customers. Accordingly the Council will remain responsible for any defaults under those contracts, and must rely on its contractual rights under the Partnering Agreement in order to "flow-down" any resulting liabilities to the Partner. Existing third party customers have been regularly informed of progress.

4.21 Additional contract management support has been proposed to ensure that the relevant commercial expertise is in place to effectively monitor the partner if required. Collaborative or joint contract monitoring meetings may be required in some instances to ensure that the requirements of the partnering agreement are being met. However, some Council roles and responsibilities will be confirmed once the new entity is operational and their governance structures are established.

Project Management and Risk Assessment

4.22 The project's Strategic Board was co-chaired by the Corporate Director of Adults Social Care & Health the Corporate Director of Resources. It met monthly to steer the project by providing direction on project matters, reviewed and approved project plans, risks the budget. Many of the decisions made are summarised in the financial implications section.

4.23 Project risks for the Council and the Mutual were managed and wherever possible mitigated throughout the project. The remaining Council risks for mobilisation and delivery of the Partnering Agreement are detailed in the Part B report, Appendix 1.

5 ALTERNATIVE OPTIONS CONSIDERED

- 5.1** A full options appraisal was undertaken prior to commencing the procurement process and is detailed in the Strategy.

6 CONSULTATION

Members

- 6.1** The Cabinet Members for Adult Social Care & Health and for Finance have been regularly briefed on the progress of the procurement and its outcome. They have been consulted in the preparation of this report and support the recommendations.
- 6.2** Informal briefings on the process and outcome of the procurement have taken place with the Shadow Cabinet Member for Health Adult Social Care and the Chair of Scrutiny for Health and Social Care Sub Committee was provided with a briefing document, CES Strategy Report and CES Award Report.

Staff

- 6.3** The CES Management has continued to actively engage with the staff group throughout the course of the procurement, conducting regular briefings, question-and-answer sessions, and involving trade unions in the process. In addition the Director of Commissioning, Policy & Improvement and the HR Team have regularly met with the staff group as representatives of the Council. They have thoroughly explained the approach and the implications of being part of an employee ownership trust and these discussions will continue through the TUPE consultation process.
- 6.4** Staff have also had the opportunity to ask questions and raise queries regarding their terms and conditions of employment in relation to the transfer during the informal consultation meetings. This will continue through the formal TUPE consultation process, following the formation of the Mutual company.
- 6.5** Staff have also been assured that their current terms and conditions will transfer to the new company. They will also continue to be part of the pension benefits via the Local Government Pension Scheme and a draft admissions agreement has been prepared. The Council's Pensions Manager was invited to one of the informal consultation meetings in June 2024 where staff had the opportunity to have their pensions queries addressed.
- 6.6** It is proposed that formal consultation with staff and unions will commence at the end of July 2024 on signing of the BTA and the formation of the Mutual, and close in September 2024. Joint consultation meetings will be held by the Council and the Mutual at the start and end of the formal consultation period with staff and unions, to announce the start of the consultation process and presentation of timelines and relevant information associated with the proposed TUPE transfer. At the end of the formal consultation process, a joint consultation meeting will be held to communicate any feedback and concerns raised and also inform staff of the outcome of the consultation process. If necessary, a mid-point meeting can also be arranged. During the formal consultation process, individual staff will have the opportunity to address their concerns at individual consultation meetings chaired by the Director of Commissioning, Policy & Improvement and the HR Consultant, and with representation from unions or work colleagues if required, in line with HR policies.

- 6.7** Staff have been actively involved in the procurement process. A group of six CES staff evaluated the SQ questions and three of the quality questions as part of the ISIT and ISFT and their scores were moderated alongside the rest of the team. A separate group of staff had the opportunity to meet the bidders, as described in section 4.

Customers

- 6.8** All existing Managed Service and Brokerage customers, including ASCH and Health / NHS partners, have been briefed on the progress of the procurement and will be informed of the outcome. They remain supportive of the approach.
- 6.9** There will be little impact for third party customers as their contracts will continue to be with the Council. They will continue to receive Purchase Orders and invoices from the Council and pay the Council directly.

Residents

- 6.10** Residents and service users are engaged routinely in the delivery of the service and there are no changes proposed to the services provided arising from these recommendations. Throughout the procurement process, service delivery to users has been maintained at the usual high standards. The current high levels of resident satisfaction are expected to continue, ensuring the quality and consistency that users have come to expect.

Improvement and Assurance Panel

- 6.11** The I&AP has been briefed on the outcome of the procurement and the financial benefits that arise to the Council.

7. CONTRIBUTION TO COUNCIL PRIORITIES

- 7.1** The project is aligned with the Executive Mayor's commitment to "do less and do things better." The key objectives it prioritises remain the same as those outlined in section 8.1 of the Strategy Report.

Social Value

- 7.2** CES's existing Social Value (SV) activities, as defined in the Partnering Agreement and SV matrix will become contractual commitments aligned to the service specification. These include quantified commitments on areas such as providing local employment opportunities, apprenticeships and work experience; carbon reduction commitments and electric vehicles; waste reduction and recycling and reuse of redundant equipment.
- 7.3** Bidders have been evaluated on how will support the existing SV commitments and further enhancements they could make. Bidders have also defined the SV that they can provide to the residents of Croydon as the Partner, additional to CES's SV plans.

London Living Wage

- 7.4** The Council is an officially accredited London Living Wage (LLW) Employer and is committed to ensuring that, where appropriate, contractors and subcontractors engaged by the council to provide works or services within Croydon pay their staff at a minimum rate equivalent to the LLW rate. The Partner recommended for the award of this contract has committed to meet the LLW requirements.

Premier Supplier Programme

- 7.5** As addressed in section 8.4 of the Strategy Report, the PSP was not offered to bidders as part of the procurement.

8. IMPLICATIONS

8.1 FINANCIAL IMPLICATIONS

8.1.1 Revenue and Capital consequences of report recommendation

This section summarises the financial position of the project and reflect changes that have been required to the scope of the project including:

- 8.1.1.1 Following the conclusion of the procurement process, the service commencement date will be 1st October 2024, whereas the initial financial modelling in 2023 was based on a potential commencement of 1st April 2024. This has resulted in a six-month extension to the period of time the Council has managed the service, and therefore the Council has extended the period it will receive its savings by the same term following service transfer to the new Mutual.
- 8.1.1.2 The impact of various Council driven changes to maximise its assets as part of its debt reduction strategy are mainly cost neutral to the Council, although some reduce the savings potential slightly. Many are simply a case of reducing the financial benefit to the ASCH directorate and increasing the income elsewhere in the Council.
- 8.1.1.3 There were several areas where discussions with bidders influenced the Council, agreed via the Project's Strategic Board to adjust the proposals to ensure:
- Market interest was secured to deliver the Council's vision
 - Delivery of the Council's longer term direction of commissioning services rather than direct service delivery.
 - The Mutual's ongoing success and contribution to the local economy was secured.
 - Additional protections for the Council such as a loan and accompanying floating charge on the Mutual to cover stock and working capital, charged at a market rate.

8.1.2 Impacts on Financial Model from Property, Business Rates and Loan

Detailed in the Part B report.

8.1.3 Additional Financial Arrangements

8.1.3.1 Following contract commencement, when the Partnering Agreement and BTA are signed the Mutual will begin to incur costs in setting up the new entity such as Insurance, rent, IT set up and hardware, website and rebranding costs, . The Council will provide seed funding of up to £500k on a draw down basis which will be debited equally from the first two quarter's invoice payments from the Council. Following service commencement in October 2024 a "payment agency" arrangement will be established to allow the Mutual to manage the receipt and payment of invoices for goods ordered prior to October 2024. A one off sum of £20k will be paid to the Mutual to cover this service and to manage the year end reconciliation on behalf of the Council. This will be paid for from the project budget.

8.1.4 Project Costs

8.1.4.1 The Council's Transformation Internal Control Board agreed an initial project budget of £234k to cover costs including external legal advice, financial and subject matter expertise, HR and project management. There are a number of areas of additional expenditure that have arisen since the original request that were unforeseeable at the point of the original request. These include ICT costs, additional project management costs and additional legal costs due to the complexity of the project documentation and multiple parties involved. As CES are being externalised it is necessary to procure separate legal, HR and project management resources.

8.1.4.2 Transformation CMT agreed a request for a further £100k project funding in May 2024, bringing the total to £334k.

8.1.5 Comments approved by Head of Strategic Finance for Adult Social Care and Health on behalf of the Director of Finance. (Date 28/06/2024)

8.2 LEGAL IMPLICATIONS

8.2.1 The Council has the power to enter into contracts with third parties pursuant to its functions as provided for under section 1 of the Local Government (Contracts) Act 1997. The Council also have the power to do anything that individuals generally may do pursuant to section 1 of the Localism Act 2011.

8.2.2 The Executive Mayor has the power to exercise executive functions pursuant to s9E of the Local Government Act 2000 and has the power to delegate those functions.

8.2.3 At present the delegations in the Council's Tenders and Contracts Regulations have been superseded by the Executive Mayor's Scheme of Delegation following the introduction of the Mayoral Model and the specific delegations in the annual procurement plan approved by the Executive Mayor in Cabinet.

8.2.4 The Executive Mayor has delegated to the Corporate Director authority to make the award decision following recommendation from the CCB pursuant to the annual procurement plan.

8.2.5 The Council is under a duty to comply with the Public Contracts Regulations 2015 (PCR). Regulation 30 of the PCR permits the use of the competitive dialogue procedure. A compliant process has been undertaken with advice and support from internal and external Legal Services.

8.2.6 The principal legal documents to be put in place are:

- Partnering Agreement. This will be the main document underpinning the relationship and broadly cover:
 - deliverables required from the Partner in support of the Mutual;
 - obligation to provide the Current Services (flowed-down to the Mutual); and
 - any support services which the Council may deliver to the Mutual;
- Shareholders' Agreement. This will set out the way in which the shares will be "earned" by the Partner, and transferred from the EBT;
- Framework Agreement with accompanying:
 - Access Agreement (to be entered into by new public sector customers of the Framework with the Council);
 - form of Call-Off (to be entered into between customers of the Framework and the Partner, with services flowed down to the Mutual);
- Business Transfer Agreement in relation to transferring assets;
- Lease / licence in relation to Council property
- Loan facility agreement (and associated security)
- Assignment of debt by the Partner to the Mutual
- Admission Agreement/Pension Bond in relation to eligible LGPS members transferring under TUPE into the Mutual;
- EBT documents setting out the arrangements under which the Staff Group own shares in the Mutual; and
- Constitutional documents of the Mutual (Memorandum and Articles of Association).

8.2.7 Approved by the Head of Commercial Housing and Litigation on behalf of the Director of Legal Services and Monitoring Officer. (Date 3.7.2024)

8.3 EQUALITIES IMPLICATIONS

8.3.1 The equality implications included in section 8.3 and Appendix H of the Strategy Report remain consistent with the current position.

8.3.2 No changes to the EQIA assessment are expected as employee terms and conditions will remain the same.

8.3.3 Comments approved by Ken Orlukwu, Senior Equalities Officer, on behalf of Helen Reeves, Head of Strategy & Policy on 12/06/2024.

OTHER IMPLICATIONS

8.4 HR Implications

8.4.1 The position as defined in section 9.4 of the Strategy Report remains the same, in that it is proposed that all CES staff will transfer to the Mutual in accordance with the TUPE regulations. It is proposed that early discussions will take place with the Mutual to determine if any measures are being proposed. However, as stated previously, staff will transfer on their current terms and conditions of employment. Where measures are proposed, a consultation process will take place to ensure staff and the unions are well informed and consulted properly in line with HR Policies on consultation and managing organisational change.

8.4.2 For an effective consultation process to go ahead, a governance structure will need to be in place prior to the start of the formal consultation process, which will enable the Council to consult with the Mutual on any measures they may propose. It is anticipated that the governance structure will be formed immediately after the Mutual is formed. Any delay to setting up the governance structure may impact the timeline of the consultation process, and also have an impact on the mobilisation plan, including setting up of ICT systems and any onboarding.

8.4.3 Approved by: Deborah Calliste, Head of HR for Adult Social Care and Health on behalf of the Chief People Officer 14/06/2024.

8.5 Property Implications

8.5.1 CES currently occupy 3 Imperial Way and occupy a property at the rear of Nos.22-32 Northbrook Road. The Property Implications were outlined in section 9.5 of the Strategy Reports and have been amended as follows and (subject to internal governance) a lease will be established to commence on 1st October 2024 for Imperial Way. Rent reviews will take place every five years based on CPI with a “cap and collar” arrangement with a minimum of 2% and maximum of 4% increase. A 12-month licence to occupy will be put in place for Northbrook Road.

8.5.2 The lease for Imperial Way will be for 25 years with no break clause.

8.5.3 Building Insurance was not identified as a separate, additional cost in the original CES business case and once aware it became apparent that this would not be covered by the Council’s block policy. As Imperial Way is identified for disposal

then the new landlord will be charging the annual policy costs of building insurance policy back to the tenant. The lease in Imperial Way is based upon a full repair and maintenance obligation which sits with the tenant not the Landlord. These obligations extend to dilapidations as well as organising public Liability and fittings and content insurance. These costs are in addition to property insurance provided by the landlord.

8.5.4 Approved by: Huw Rhys Lewis, Director for Commercial investment and Capital 12/06/2024.

8.6 ICT Implications

8.6.1 The CES management team will collaborate closely with the internal IT team to decommission all of the Croydon infrastructure and facilitate the migration of relevant data. This comprehensive process will be conducted with meticulous attention to the security and infrastructure integrity of both entities.

8.6.2 To ensure a smooth transition, we will adopt a phased approach that minimises disruptions and safeguards data. This includes the following steps:

8.6.2.1 **Assessment and Planning:** conduct a thorough assessment of the existing Croydon infrastructure and develop a detailed migration plan. This plan will outline the necessary steps, timelines, and responsibilities to ensure a seamless transition.

8.6.2.2 **Data Migration:** execute the migration of relevant data with strict adherence to data protection regulations and best practices. Data will be securely transferred using encrypted channels to prevent unauthorized access and ensure data integrity.

8.6.2.3 **Decommissioning:** gradually decommission the Croydon infrastructure in a controlled manner, ensuring that all critical systems and services are properly migrated and tested in the new environment before final shutdown.

8.6.2.4 **Security Measures:** implement robust security measures throughout the process to protect against data breaches and other cyber threats. This includes regular security audits, real-time monitoring, and immediate remediation of any vulnerabilities identified.

8.6.2.5 **Integrity and Compliance:** maintain the highest standards of infrastructure integrity and compliance with relevant legal and regulatory requirements. Both entities will have clearly defined roles and responsibilities to uphold these standards throughout the migration process.

8.6.2.6 Approved by: Fahid Ahmad, Digital Commercial Contracts Manager on behalf of the Chief Digital Officer 26/06/2024.

8.7 Data Protection

8.7.1 The CES management team has been collaborating extensively with the information team and has completed an initial Data Protection Impact Assessment (DPIA). This DPIA serves as a foundational document, guiding the establishment of robust

information governance protocols for the newly formed organization. Additionally, it provides a comprehensive framework for the secure migration of data from the Council's servers.

- 8.7.2** The initial DPIA involved a thorough assessment of potential data protection risks associated with both the current infrastructure and the upcoming migration process. This included identifying potential vulnerabilities, assessing the impact of data breaches, and evaluating the adequacy of existing security measures. Building on the findings of the DPIA, we are developing a robust information governance framework tailored to the contractual arrangements and the need of the new organisation.

8.8 Procurement Implications

- 8.8.1** The procurement of the partner has been undertaken in a fully compliant manner following the competitive dialogue procurement process and did not materially deviate from the approved strategy report (PB-2324-000018-S). The Public Contracts Regulations (PCR 2015) and the Council's Tender and Contract Regulations have been followed.
- 8.8.2** The Council's standard methodology for evaluation of the quality scores was adopted and applied compliantly.
- 8.8.3** A project board/steering group has overseen the procurement process and been appraised of and supported decisions to progress through each stage.
- 8.8.4** There have been no legal challenges to the procurement up to the point of contract award.
- 8.8.5** Approved by: Natalie White, Strategic Procurement Manager on behalf of the Head of Strategic Procurement and Governance. (Date 05/06/2024)

9. APPENDICES

- 9.1** Council Risk Register (*Exempt*)

10. BACKGROUND DOCUMENTS

- 10.1** Croydon Community Equipment Service Spend – procurement of a partner strategy Report Part A dated 31 October 2023.