

| | |
|---|---|
| <p>Cabinet</p> <p>27 March 2019</p> |  <p>TOWER HAMLETS</p> |
| <p>Report of: Neville Murton – Corporate Director, Resources</p> | <p>Classification: Unrestricted</p> |
| <p>Contracts Forward Plan – Quarter Four (FY2018-2019)</p> | |

| | |
|--------------------------------------|---|
| Lead Member | Councillor Candida Ronald, Cabinet Member for Resources & the Voluntary Sector |
| Originating Officer(s) | Zamil Ahmed – Head of Procurement |
| Wards affected | All wards |
| Key Decision? | Yes |
| Forward Plan Notice Published | 12 December 2018 |
| Reason for Key Decision | Significant Financial Expenditure and Significant Impact on two or more wards |
| Community Plan Theme | A fair and prosperous community |

EXECUTIVE SUMMARY

The Council's Procurement Procedures require a quarterly report to be submitted to Cabinet, setting out a forward plan of supply and service contracts over £250K in value, or capital works contracts over £5m. This provides Cabinet with the visibility of all high value contracting activity, and the opportunity to request further information regarding any of the contracts identified. This report provides the information in quarter four of the current Financial Year. Only contracts which have not previously been reported are included in this report.

Recommendations:

Mayor in Cabinet is recommended to:

1. Consider the contract summary at Appendix 1, and identify those contracts about which specific reports – relating to contract award – should be brought before Cabinet prior to contract award by the appropriate Corporate Director for the service area
2. Confirm that the remaining contracts set out in Appendix 1 can proceed to contract award after tender
3. Authorise the Divisional Director , Legal Services to execute all necessary contract documents in respect of the awards of contracts referred to at recommendation 2.2 above

4. Review the procurement forward plan 2019-2022 schedule detailed in Appendix 2 and identify any contracts about which further detail is required in advance of the quarterly forward plan reporting cycle

1. REASONS FOR THE DECISIONS

- 1.1 The Council's Procurement Procedures require submission of a quarterly forward plan of contracts for Cabinet consideration, and it is a requirement of the Constitution that "The contracting strategy and/or award of any contract for goods or services with an estimated value exceeding £250K, and any contract for capital works with an estimated value exceeding £5m shall be approved by the Cabinet in accordance with the Procurement Procedures". This report fulfils these requirements for contracts to be let during and after quarter four of the current financial Year.

2. ALTERNATIVE OPTIONS

- 2.1 Bringing a consolidated report on contracting activity is considered the most efficient way of meeting the requirement in the Constitution, whilst providing full visibility of contracting activity; therefore no alternative proposals are being made.

3. DETAILS OF THE REPORT

- 3.1 Council's procurement procedures and processes have undergone major improvements to ensure they are clear, concise and transparent. Our systems, documentations and guidance to suppliers have been transformed to ensure they reflect best practice in Public Sector procurement. Our efforts in maintaining effective dialogue with our bidders during the procurement process has helped to minimise procurement challenges.
- 3.2 To ensure the Council continues to be recognised for its sound procurement practices and effective engagement with the supply community, it is imperative that delays in contract award are minimised and adherence to the timetable outlined within our Invitation to Tender documentations.
- 3.3 The importance of procurement as an essential tool to deliver Councils wider social, economic and environmental aims has resulted in the need to ensure effective elected Member engagement in the pre-procurement and decision making process as identified in the recent Best Value audit.
- 3.4 This report provides the forward plan for quarter four of the current financial Year in Appendix 1, and gives Cabinet Members the opportunity to select contracts about which they would wish to receive further information, through subsequent specific reports.
- 3.5 Additionally, the report also includes a Procurement Forward Plan 2019-2022 to provide Mayor and Cabinet members with high level visibility of our planned

procurement activity and the opportunity to be engaged in advance of the procurement cycle.

- 3.6 Appendix 1 details the new contracts which are planned during the period Q4 of the Financial Year. This plan lists all of the new contracts which have been registered with the Procurement Service, and which are scheduled for action during the reporting period.
- 3.7 Contracts which have previously been reported are not included in this report. Whilst every effort has been made to include all contracts which are likely to arise, it is possible that other, urgent requirements may emerge. Such cases will need to be reported separately to Cabinet as individual contract reports.
- 3.8 Cabinet is asked to review the forward plan of contracts, confirm its agreement to the proposed programme and identify any individual contracts about which separate reports – relating either to contracting strategy or to contract award – will be required before proceeding.
- 3.9 Equalities and diversity implications – and other One Tower Hamlets issues – are addressed through the Council’s Tollgate process which provides an independent assessment of all high value contracts, and ensures that contracting proposals adequately and proportionately address both social considerations and financial ones (such as savings targets). The work of the Strategic Procurement Board and Corporate Procurement Service ensures a joined-up approach to procurement.
- 3.10 The Tollgate process is a procurement project assurance methodology, which is designed to assist in achieving successful outcomes from the Council’s high value contracting activities (over £250K, for revenue contracts, and £5m, for capital works contracts which have not gone through the Asset Management Board approval system). All Tollgate reviews are presented to Strategic Procurement Board; contracts require approval of the Board before proceeding.

4. EQUALITIES IMPLICATIONS

- 4.1 Equalities and diversity implications – and other One Tower Hamlets issues – are addressed through the tollgate process, and all contracting proposals are required to demonstrate that both financial and social considerations are adequately and proportionately addressed. The work of the Strategic Procurement Board and Corporate Procurement Service ensures a joined-up approach to council’s procurement activities.

5. OTHER STATUTORY IMPLICATIONS

5.1 This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:

- Best Value Implications,
- Consultations,
- Environmental (including air quality),
- Risk Management,
- Crime Reduction,
- Safeguarding,

Best Value Implications

5.2 The Council is required to consider the value for money implications of its decisions and to secure best value in the provision of all its services. The Council procures annually some £350m of supplies and services with a current supplier base of approximately 3,500 suppliers. The governance arrangements undertaking such buying decisions are set out in the Council's Procurement Procedures, which form part of the Financial Regulations.

5.3 Contracts listed in Appendix 1 are all subject to the Council's Tollgate process which involves a detailed assessment by Procurement Review Panel and Strategic Procurement Board of the procurement strategy to ensure compliance with existing policies, procedures and best value duties prior to publication of the contract notice

Sustainable Action for Greener Environment

5.4 Contracts are required to address sustainability issues in their planning, letting and management. This is assured through the Tollgate process.

Risk Management

5.5 Risk management is addressed in each individual contracting project, and assessed through the tollgate process.

Efficiency Statement

5.6 Contract owners are required to demonstrate how they will achieve cashable savings and other efficiencies through individual contracting proposals. These are then monitored throughout implementation.

6. COMMENTS OF THE CHIEF FINANCE OFFICER

6.1 This is a quarterly update report on the Council's contract forward plan for 2018-19 which details the list of contracts that are due for renewal in the next 3-6 months (Appendix 1).

6.2 There are 3 specific contracts detailed in Appendix 1 with a cumulative annual value of £7.6 m approx. and total contract value of £52.1m. The cost of these

contracts will be met through existing Public Health grants and General Fund resources.

7. COMMENTS OF LEGAL SERVICES

- 7.1 The Council has adopted financial procedures for the proper administration of its financial affairs pursuant to section 151 of the Local Government Act 1972. These generally require Cabinet approval for expenditure over £250,000 for revenue contracts and £5m for capital works contracts.
- 7.2 Cabinet has approved procurement procedures, which are designed to help the Council discharge its duty as a best value authority under the Local Government Act 1999 and comply with the requirements of the Public Contract Regulations 2015. The procurement procedures contain the arrangements specified in the report under which Cabinet is presented with forward plans of proposed contracts that exceed specified thresholds. The arrangements are consistent with the proper administration of the Council's financial affairs.
- 7.3 Pursuant to the Council's duty under the Public Services (Social Values) Act 2012, as part of the tender process and where appropriate, bidders will be evaluated on the community benefits they offer to enhance the economic social or environmental well-being of the borough. The exact nature of those benefits will vary with each contract and will be reported at the contract award stage. All contracts delivered in London and which use staff who are ordinarily resident in London will require contractors to pay those staff the London Living Wage. Where workers are based outside London an assessment will be carried out to determine if the same requirement is appropriate.
- 7.4 When considering its approach to contracting, the Council must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who do not (the public sector equality duty). Officers are expected to continuously consider, at every stage, the way in which procurements conducted and contracts awarded satisfy the requirements of the public sector equality duty. This includes, where appropriate, completing an equality impact assessment as part of the procurement strategy, which is then considered as part of the tollgate process

Linked Reports, Appendices and Background Documents

Linked Report

- None

Appendices

- Appendix 1 – new contracts planned: Q4 of the Financial Year and beyond.
- Appendix 2 - Procurement Forward Plan 2018 -2022

Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012

- NONE

Officer contact details for documents:

- N/A

Appendix one – New contracts planned: Q4 of the Financial Year 2018-19

| | | | |
|---|-----------------------------------|--|-----------------|
| Contract Ref & Title | R5407 CRM Digital Platform | | |
| Procurement Category: | Corporate Services | Funding: | Council Reserve |
| Invitation to Tender <input checked="" type="checkbox"/> Contract Signature <input type="checkbox"/> | 01/08/2019 | Contract Duration and Extensions: | 2 + 1+ 1 |
| Value P/A: | £375,000 | Value Total: | £1,500,000 |
| Reviewed by Competition Board <input type="checkbox"/> | N/A | <input type="checkbox"/> London Living Wage <input checked="" type="checkbox"/> New Procurement <input type="checkbox"/> Collaboration <input type="checkbox"/> Re-procurement of existing Contract | |

Scope of Contract

The Council will seek to create a Digital Platform for online services in order to drive transformational change within the Council and improve efficiencies in service delivery to residents across Tower Hamlets. The previous value of £600k presented in the Q3 report included core solution cost and annual licence and maintenance only. Following a further review of spend, the new cost also includes tender document creation and vendor selection, enhancements and integrations and project management and implementation support, bringing the total expected spend to £1.5m.

Contracting Approach

Crown Commercial Services Digital Marketplace will be used to purchase the Digital Platform service.

Community Benefits

The Council's Digital Platform will benefit the community in the following way:

- **Improving customer access to services.** We want to make it easier for our citizens to access the services they need. We want citizens to be able to do this at a time, in a place and in a way that is most convenient for them. The digital platform will be the key technological enabler of this transformation
- **Improving customer satisfaction with services.** The improved convenience of accessing services on line services coupled with the extended range of different customer needs that can be met will improve customer satisfaction with the council
- **Reducing the costs of service delivery.** The power and flexibility of the digital platform will make it easy for the council to integrate new services and enable on line access for citizens. This will lead to a decline in demand for the traditional and labour intensive telephone, e-mail and face to face delivery channels

Community benefits commensurate with the value will be sought from providers and scored in the evaluation.

| | | | |
|---|---|--|---------------------|
| Contract Ref & Title | HAC5433 Healthy Teeth in Schools | | |
| Procurement Category: | Health and care | Funding: | Public Health Grant |
| Invitation to Tender <input checked="" type="checkbox"/> Contract Signature <input type="checkbox"/> | 25/03/2019 | Contract Duration and Extensions: | Up to 5 + 2 years |
| Value P/A: | £140,000 | Value Total: | £980,000 |
| Reviewed by Competition Board <input type="checkbox"/> | 06/03/2019 | <input checked="" type="checkbox"/> London Living Wage <input type="checkbox"/> New Procurement <input checked="" type="checkbox"/> Collaboration <input checked="" type="checkbox"/> Re-procurement of existing Contract | |

Scope of Contract

Provision of screening and fluoridation service for children aged 3-6 years at every nursery/primary school in Tower Hamlets comprising obtaining of parental consent, screening and two applications of fluoride varnish for the protection of teeth. Also to include advice on health eating and sugar smart.

Contracting Approach

The proposal is to conclude an open tender procedure. This will ensure a fair and transparent competitive process in compliance with LBTH Procurement Procedures and the Public Contract Regulation 2015 (EU "Light Touch" regime for Schedule 3 services).

Community Benefits

Community benefits commensurate with the value will be sought from providers and scored in the evaluation.

| | | | |
|---|---|---|---------------------|
| Contract Ref & Title | HAC5356 0-5 Specialist Community Public Health Nursing Service | | |
| Procurement Category: | Services | Funding: | Public Health Grant |
| Invitation to Tender <input checked="" type="checkbox"/> Contract Signature <input type="checkbox"/> | 01/10/2018 | Contract Duration and Extensions: | 5+1+1 |
| Value P/A: | £7,100,000 | Value Total: | £49,700,000 |
| Reviewed by Competition Board <input checked="" type="checkbox"/> | 18/07/2018 | <input checked="" type="checkbox"/> London Living Wage <input type="checkbox"/> New Procurement <input type="checkbox"/> Collaboration <input checked="" type="checkbox"/> Re-procurement of existing Contract | |

Scope of Contract

This paper refers to the tender for the Tower Hamlets Health Visiting Service and Family Nurse Partnership. Authority to procure was previously sought from Cabinet in June 2018, which granted the provision to award a contract for 3+1+1 years (on condition of a report back to the lead member before award).

Following this and discussions at HAC DLT and the Joint Commissioning Executive, the commissioner was recommended to tender for a contract of 5+1+1 years. The service has undergone significant transformation over the current contract, both from changing provider and from improved performance under the new provider, and it was felt that there would be little public value gained from an earlier procurement. The longer contract period would allow for a period of stability that would better facilitate service development between commissioners, the services and its partners.

The Tollgate 1 report reflected this increased contract length which was approved at the Procurement Review Panel. We went to market for a 5+1+1 year contract valued at £7,100,000. Given the current position regarding Cabinet approval, we have sought legal and procurement advice and as a result contract will be awarded for 5 years in the first instance (in line with Cabinet approval of June 2018).

This resubmission of this contract seeks Cabinet approval to extend the contract award for a further 1+1 years (subject to satisfactory performance review at 5 years) which would allow alignment of the contract with the tender and market expectation for a 5+1+1 contract.

Contracting Approach

A Competitive Procedure with Negotiation has been undertaken. A sole supplier submitted a bid (TH GP Care Group - the current provider of the TH Health Visiting Service) with a subcontractor role (for restorative psychological supervision) for East London NHS Foundation Trust.

Community Benefits

A range of employment and community benefits has been secured including local employment opportunities, volunteer opportunities, work placements, work with local schools, commitment to local supply chains and management and executive support for TH VCS.