


Cabinet 28 July 2015	 TOWER HAMLETS
Report of: Chris Holme – Acting Corporate Director Resources	Classification: Unrestricted
Contracts Forward Plan – Quarter 1 (2015-2016)	

Lead Member	Cllr David Edgar
Originating Officer(s)	Zamil Ahmed – Head of Procurement
Wards affected	All wards
Community Plan Theme	One Tower Hamlets
Key Decision	Yes

EXECUTIVE SUMMARY

The Council's Procurement Procedures require a quarterly report to be submitted to Cabinet, laying down a forward plan of supply and service contracts over £250,000 in value, or capital works contracts over £5 million. 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 period Q1 of the Financial Year.

Only contracts which have not previously been reported are included in this report.

DECISION REQUIRED:

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 and
2. Confirm which of the remaining contracts set out in Appendix1 can proceed to contract award after tender subject to the relevant Corporate Director who holds the budget for the service area consulting with the Mayor and the relevant lead member prior to contract award
3. Authorise the Head of legal Services to execute all necessary contract documents in respect of the awards of contracts referred to at recommendation 2 above.

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 £250,000, and any contract for capital works with an estimated value exceeding £5,000,000, 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 the period Q1 of the 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. **BACKGROUND**

- 3.1 This report provides the forward plan for the period Q1 of the 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.

4. **FORWARD PLAN OF CONTRACTS**

- 4.1 Appendix 1 details the new contracts which are planned during the period Q1 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.

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.

- 4.2 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.
- 4.3 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

Competition Board and Corporate Procurement Service ensures a joined-up approach to procurement.

- 4.4 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 £250,000 for revenue contracts, and £5,000,000 for capital works contracts which have not gone through the Asset Management Board approval system). All Tollgate reviews are reported to Competition Board, and when appropriate contract owners are interviewed by the Board; contracts require approval of the Board before proceeding.

5. COMMENTS OF THE CHIEF FINANCIAL OFFICER

- 5.1 This report describes the quarterly procurement report of the forward plan for Q1 of the Financial Year and beyond, to be presented to Cabinet for revenue contracts over £250,000 in value and capital contracts over £5 million.
- 5.2 Approximately £34.33m of goods, services and works will be procured from external suppliers. Procured services comprise around 40% of the Council's annual expenditure and control of procurement processes is thus crucial to delivering value for money for local residents as well as managing the risks that may arise if procurement procedures go wrong. Consideration of the plan by Cabinet operates as an internal control and also provides the opportunity for the Mayor to comment on specific procurements at an early stage.

6. LEGAL COMMENTS

- 6.1 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.
- 6.2 The Council has also adopted 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 the thresholds set out in the report.
- 6.3 In accordance with the powers in the Public Services (Social Values) Act 2012, where appropriate, as part of the tender process bidders will be invited to state what community benefits which enhance the economic social or environmental well-being of the borough are available through the contract in line with the Procurement Policy Imperatives adopted in January 2013. The exact nature of the benefits will vary with each contract and will be reported at the contract award stage. All contracts which require staff based in London will require contractors to pay their staff the London Living Wage.

Where staff are based outside London an assessment will be carried out to determine if that is appropriate.

- 6.4 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). Information is provided in section 7 of the report to explain how this is taken into account.

7. ONE TOWER HAMLETS CONSIDERATIONS

- 7.1 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 Competition Board and the Procurement & Corporate Programme Service ensures a joined-up approach to procurement.

8. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 8.1 Contracts are required to address sustainability issues in their planning, letting and management. Again, this is assured through the Tollgate process, and supported through the Procurement & Corporate Programmes' Corporate Social Responsibility work stream.

9. RISK MANAGEMENT IMPLICATIONS

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

10. CRIME AND DISORDER REDUCTION IMPLICATIONS

- 10.1 There are no specific crime and disorder reduction implications.

11. EFFICIENCY STATEMENT

- 11.1 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.

12. APPENDICES

Appendix 1 – new contracts planned: Q1 of the Financial Year and beyond.

Linked Reports, Appendices and Background Documents

Linked Report

- None.

Appendices

- Appendix 1 – new contracts planned: Q1 of the Financial Year and beyond

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

- None.

Officer contact details for documents:

- N/A

Appendix one – Contracts Forward Plan Q1 of the Financial Year 2015-16

Directorate Contract	Contract Value	Scope of Contract	Length of New Contract, or Contract Extension	Funding	Date submitted to Competition Board or scheduled for submission*	Planned Date for Invitation to Tender or * Contract signature.	Community Benefits
CLC4903	Approx. £1,050,000- £1,750,000	<p><u>Supply and servicing of library acquisitions</u> The procurement involves retendering for the supply of library materials in partnership with other authorities as part of the London Libraries consortium (LLC). The partners in this consortium, for which LB Redbridge is the lead authority, collectively tender for the provision of library stock and associated services and achieve optimum discount through greater economies of scale. The stock element of the LLC formally operates as London Contracts and Supplies Group (“LCSG”) With existing contracts with specialist library stock suppliers expiring in March 2016 the LLC needs to tender for new contracts to continue the supply of library books and other materials. The contract consists of following elements:</p> <ol style="list-style-type: none"> 1. Supply of books (Adult fiction; Adult non-fiction; Children’s fiction; Children’s non-fiction; Reference books; DVDs & CDs) 2. Supply of servicing materials, including book jacketing, spine labels, RFID tags, book plates, to bring materials up to shelf ready standard 3. Provision of information about all published and forthcoming titles 4. Provision of direct delivery service weekly to all libraries 5. Supply expertise in selection of materials according to agreed specification <p>Continuing to procure all the above as part of the LLC/LCSG consortium achieves efficiency and value for money through larger contracts. Shared legal and procurement costs across 11 boroughs are minimal. Tendering as a single authority would result in loss of discount and greater costs for LBTH. The tendering exercise will be led by the London Borough of Redbridge with LBTH representatives fully involved in drawing up the detailed specification.</p>	3 to 5 years	Idea Store revenue	16/03/2015	December 2015	Included as part of the tender

<p>ESCW AHWB 4906</p>	<p>Approx. £930,000</p>	<p>Domestic Abuse Refuge and Floating Support Services This tender is required to continue to deliver the domestic abuse service in line with the Tower Hamlets' Violence against Women and Girls (VAWG) Plan. It clearly states the borough's commitment to addressing all gender specific abuse and violence and makes a high level commitment to the Violence against Women and Girls agenda. A key objective of the strategy is to provide support and protection which the commissioning of this service delivers.</p> <p>The refuges provide 34 units of both generic and culturally specific emergency and short term accommodation for women and their children with a range of support needs, who are at risk of or fleeing domestic violence. The service is designed to support service users in making sense of and to come to terms with their experience. They provide tailored support specifically designed to increase a person's ability to live more independently, increase social inclusion, maximise protection of women and/or children from significant harm.</p> <p>The focus of the floating support service is to ensure that the service user's live in a safe and secure environment in the community and that support is provided to meet their immediate needs at a time of significant risk when they have recently left the perpetrator. The majority of service users will be placed in borough and newly resident in temporary accommodation and in circumstances where they may be at high risk when moving on from refuge accommodation. In an exception wherein they are placed in out of borough temporary accommodation the provider is required to ensure that they are linked in with locally available services in their area of residence.</p> <p>The existing contract which was procured for via the Supporting People Framework Agreement ends on 31 March 2016. This procurement exercise will be by way of a restricted tender, the panel including representatives from Community Safety and Adults Social Care.</p> <p>This tender will include a community benefits commitment. Suppliers will be asked to submit innovative initiatives which can be measured and monitored throughout the lifetime of this contract.</p>	<p>3 years</p>	<p>General Fund</p>	<p>16/03/2015</p>	<p>July 2015</p>	<p>Included as part of the tender</p>
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DR4907	Approx. £10,000,000.	<p>Corporate Security Services Framework The Council currently engages a larger number of security service providers to meet its security personnel and equipment maintenance requirements. Whilst, there are two contracts in place, over 50% of the spend is incurred outside of any corporate contracts. This approach is not cost effective and non compliant with LBTH contract regulations.</p> <p>Following a detailed category analysis as part of the Best Value Procurement Action Plan and consultation with officers across directorates it is proposed that a new framework contract for security services is procured to cover requirements of all service areas.</p> <p>An OJEU compliant Framework Agreement with a number of service providers across the following lots:</p> <p>Lot 1 – Manned Guarding, Key holding and Mobile Patrol Lot 2 – Dog Patrol and Protection Lot 3 – Event Security Lot 4 – Live-in Guardian Lot 5 - Installation and Maintenance of Building Security Systems Lot 6 - Public Space CCTV and Control Room Operation Lot 7 - Installation and Maintenance of Town Centre CCTV System Lot 8 - Installation and Maintenance of Security Infrastructure Lot 9 – Locksmith Services Lot 10 – Building Hoarding Services</p> <p>Due to the specialist nature and complexity of Lots 6 – 8, it may be appropriate to procure the framework in two parts.</p> <p>Community benefits commensurate with the contract size will be sought from the provider through the tender process. Benefits would be expected to include local employment opportunities, volunteer opportunities, work placements and work with local schools</p>	4 years (2+1+1)	Revenue	16/03/2015	September 2015	Included as part of the tender
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<p>ESCW PH4905</p>	<p><u>Health Visiting service:</u> Total annual contract value up to £7,170,000 (Comprising core value of £5,212,000 p.a. with an additional £1,958,000 per annum depending on recruitment of qualified health visitors.) Over three years max value c. £21.5 m</p> <p><u>Family Nurse Partnership:</u> £540,000 per year. £1,620,000 over three years.</p>	<p>Early Years (0-5) Public Health Services Responsibility for commissioning the 0-5 year old Public Health services will transfer from NHS England to the Council on 1st October 2015. The service consists of the Health Visiting service and the Family Nurse Partnership (FNP). Increasing the capacity and improving the quality of these services was one of the last government's commitments and there has been increased investment in additional numbers of staff, especially health visitors. Staff numbers are projected to increase to over 150 and this includes clinical leads, qualified health visitor, nurses and care assistants. The Department of Health is providing local authorities with additional grant to enable recruitment of more Health Visitors up to the local target of 95 WTE.</p> <p>The services are currently delivered in Tower Hamlets through Barts Health NHS Trust. The current service is expected to continue until 31st March 2016 (through a contract novation process). For the Council to then award a new contract the procurement process needs to commence by June 2015 to meet the required timelines.</p> <p>It is proposed to commission the two service areas as two separate contracts based on advice from the FNP National Unit. An EU open market procurement process will be required for both. Outside of the NHS bodies the market place for providing these services is untested. Public health commissioners will review whether there are options for partnership or consortium delivery.</p> <p>Community benefits commensurate with the contract size will be sought from the provider(s) through the tender process. Benefits would be expected to include local employment opportunities, volunteer opportunities, work placements and work with local schools</p>	<p>3 years (1+1+1)</p>	<p>Public Health Grant</p>	<p>16/03/2015</p>	<p>July 2015</p>	<p>Included as part of the tender</p>
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ESCW4900	Approx. £2,650,000	<p>Supply of Fresh and Frozen Meat</p> <p>Supply of fresh and frozen meats to carefully specified qualities ensuring ongoing compliance with the Soil Association's Food for Life Catering Mark.</p> <p>Joint competition with other boroughs to put in place framework of contracts. The Council will participate as a member of the LCSG Contract group and benefit from the efficiencies this generates during the life of the contract and the continued benefits that have been realised in recent years by being part of this group.</p> <p>As the contract is a collaborative agreement with other authorities, it would be difficult to implement the LBTH standard Community benefits requirements. However, it is our intention to influence where possible the inclusion of some of the elements of the Local employment and community benefits schedule, specially the inclusion on the framework of local providers.</p>	4 years	Revenue	16/03/2015	September 2015	Included as part of the tender
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