

<b>Cabinet</b> 6 October 2015	 <b>TOWER HAMLETS</b>
<b>Report of:</b> Zena Cooke – Corporate Director Resources	<b>Classification:</b> Unrestricted
<b>Contracts Forward Plan – Quarter 2 and 3 (2015-2016)</b>	

<b>Lead Member</b>	Councillor David Edgar, Cabinet Member for Resources
<b>Originating Officer(s)</b>	Zamil Ahmed – Head of Procurement
<b>Wards affected</b>	All wards
<b>Community Plan Theme</b>	One Tower Hamlets
<b>Key Decision</b>	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 quarter two and three 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 Appendix 1 can proceed to contract award after tender.
3. Authorise the Service Head - 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 Q2 and Q3 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 Q2 and Q3 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 Q2 and Q3 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.
- 3.3 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 Q2 and Q3 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 £7.2m 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 for revenue contracts and £5m for capital works contracts.
- 6.2 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.
- 6.3 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. This is in accordance with the Council's Procurement Policy Imperatives adopted at Cabinet on 9<sup>th</sup> January 2013. 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.

- 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). 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.

## **7. BEST VALUE (BV) IMPLICATIONS**

- 7.1 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.
- 7.2 Contracts listed in Appendix One are all subject to the Council's Tollgate process which involves a detailed assessment by Competition Planning Forum and Competition Board of the procurement strategy to ensure compliance with existing policies, procedures and best value duties prior to publication of the contract notice.

## **8. ONE TOWER HAMLETS CONSIDERATIONS**

- 8.1 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.

## **9. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT**

- 9.1 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.

## **10. RISK MANAGEMENT IMPLICATIONS**

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

## **11. CRIME AND DISORDER REDUCTION IMPLICATIONS**

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

## **12. EFFICIENCY STATEMENT**

- 12.1 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.

### **Linked Reports, Appendices and Background Documents**

#### **Linked Report**

- None.

#### **Appendices**

- Appendix 1 – new contracts planned: Q2 and Q3 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 – new contracts planned: Q2 and Q3 of the Financial Year 15-16**

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
DR 4948	£1,397,950	<p><b><u>Tower Hamlets Retail Marketing and Tendering Support Project</u></b>                      Small businesses make up the majority of businesses in Tower Hamlets and contribute significantly to the local community in terms of employment and business rate contribution. This project will provide substantial and effective support to small businesses in Tower Hamlets to increase their competitiveness, attract new customers, compete for new contracts and increase their viability in order that they see Tower Hamlets as an economically attractive place to trade from. The project will cover 3 services namely;</p> <ol style="list-style-type: none"> <li>1. <u>Supply Tower Hamlets</u> <ul style="list-style-type: none"> <li>• To support 800 business based in Tower Hamlets in competing for public and private sector contracts through building their capacity and knowledge of bidding and winning contracts</li> <li>• Aim to secure £8M worth of new contracts for participating businesses</li> <li>• To support SME's to formulate a bespoke tendering plan to assist them in securing long term benefits from this project.</li> </ul> </li> <li>2. <u>Retail Marketing Support</u> <ul style="list-style-type: none"> <li>• To engage and enhance the capacity of 240 retail business in Tower Hamlets (shops, market traders and online enterprises) to market their goods and services more effectively to increase their turnover. This will be</li> </ul> </li> </ol>	26 months	New Homes Bonus	08/09/2015	October 2015	Included as part of the tender

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		<p>achieved through the provision of 1-2-1 consultancy support and the development of a bespoke individual marketing plan.</p> <ul style="list-style-type: none"> <li>• Aim to generate over £1M in sales for participating businesses.</li> </ul> <p>3. <u>Website Development</u></p> <ul style="list-style-type: none"> <li>• To enable businesses in Tower Hamlets to advertise and showcase their goods and services to the world on a common e-commerce platform.</li> </ul> <p>The procurement will be carried out in accordance with the EU Open procedure. The project aims to increase the ability of local businesses in bidding and winning contracts thereby increasing net income and creating local employment opportunities. The project will support local businesses in developing an effective marketing skill which will help to increase footfall and visits to the community hence, increasing consumer spending and boosting local economy.</p>					
ESCW(C)4956	£325,440	<p><b><u>Children's Advocacy Service</u></b>  The Council has a statutory duty to support looked after children and young people and care leavers to enable them to reach their full potential and enjoy the same opportunities in life as their peers. One of the services the Council is required to provide for is an independent advocacy and support service which offers confidential advice, information, representation and training. The contract for this service expired on 31 March 2015 but has been extended for an additional year. The existing</p>	3 years	CSC Core Budgets	20/07/2015	01/04/2016	Included as part of the tender

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		<p>service has been outsourced to Action for Children. The Children's Rights Advocacy Service has been necessarily outsourced in order to offer independent and impartial support to looked after children and young people and care leavers and also for this group to be heard and responded to appropriately by the Local Authority.</p> <p>Currently, the Disability Advocacy project provides advocacy and support to young disabled persons between the ages of 11 and 21 and has been outsourced to The Children Society. The contract for this service expires on 31<sup>st</sup> March 2016. Both services represent good value for money because of the additional work undertaken over and above that specified and is in line with those of other authorities.</p> <p>It is proposed that going forward the contracts for the above services are merged and tendered for as one contract. A single contract may not achieve cashable savings but will provide better value for money as there will not be two lots of management costs. The merging of contracts will also reduce monitoring as it will be a single service and will reduce the costs of procurement as there will not be the need for two procurements.</p> <p>The contracting approach will be an open tender due to the limited number of providers in the market and as well as being under the new LTR threshold.</p> <p>Bidders will be asked to submit innovative initiatives which can be measured and monitored throughout the lifetime of this contract.</p>					

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
DR4932	£1,496,000	<p><b>Storage and Removal Services</b>  The Council currently engages a number of storage and removal providers to meet its statutory obligation of removing and storing belongings of those homeless in accordance with its statutory duties under Regulation S211 of the 1996 Housing Act, and in accordance with the provisions of the Letting Policy. The service is also used as part of the Council's incentive scheme for assisting those downsizing to a smaller accommodation in the removal and delivery of their belongings to their new property and for office moves between council offices.</p> <p>This service will also be used for the disposal of items that are no longer required or surplus to Council's requirement; preference will be given to the re-use of such items within the community or donated to charity based projects either in the UK or as part of an overseas aid scheme. The contract will ensure that disposal firms comply with WEEE Regulation 2013.</p> <p>The procurement process will be carried out in accordance with the EU Restricted Procedure. The Framework Agreement will spread across the following lots:</p> <p>Lot 1 – Removal Service (Office and Homeless)  Lot 2 – Removal Services (Under Occupied)  Lot 3 – Storage Services (Office and Household items)  Lot 4 – Disposal Services (Office and Household items)</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.</p>	3 + 1 years	General Funds	08/06/2015	October 2015	Included as part of the tender

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
CLC4949	£1,250,000	<p><b>Water Features and Landscaping</b>  This contract is for the provision of a range of landscape and aquatic maintenance works to parks and open spaces, within the boundaries of the London Borough of Tower Hamlets. The services to be provided will include:</p> <ul style="list-style-type: none"> <li>• Cleaning and maintenance of public space landscape areas and features</li> <li>• Routine cleaning of water features including dredging, draining and recharging systems, monitoring recording and reporting of water consumption and water quality and the implementation of measures relating to these issues.</li> <li>• Maintenance and operation of water pumps, pipes, weirs, valves and other mechanical and electrical devices associated with the water features.</li> <li>• Recording and reporting of safety inspections of parks and open space equipment.</li> </ul> <p>In addition to the above, the contract will also include the maintenance of canals, waterways, lakes and pounds at various sites within the London Borough of Tower Hamlets.</p> <p>This will be carried out in accordance with the EU Restricted Procedure.</p>	3 + 1 + 1 Years	General Funds	20/07/2015	October 2015	Included as part of the tender
CLC4951	£680,000	<p><b>Arboriculture Services</b>  This contract is for the provision of all arboriculture services to all sites within the portfolio of the London Borough of Tower Hamlets. The services to be provided will include but not limited to;</p>	3 + 1 + 1 Years	C&G Budget	20/072015	October 2015	Included as part of the tender

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
		<ul style="list-style-type: none"> <li>• Tree pruning and removal of dead woods</li> <li>• Bedding and tree planting</li> <li>• Tree removal, felling and grubbing out</li> <li>• Crown lifting, shaping and thinning</li> <li>• Re-tying and staking of young trees</li> <li>• Stump grinding and working with Elm trees.</li> </ul> <p>In addition to the above, the contract will ensure that trees removed are properly disposed.</p> <p>This will be carried out in accordance with the EU Restricted Procedure.</p>					
CLC4950	£375,000	<p><b>Weed Control</b></p> <p>This contract is for the control of weed growth on Highways and other areas within the boundaries of the London Borough of Tower Hamlets. This contract predominantly involves the performance of work on the Highway and requires the service provider to comply with all Road Traffic Regulations.</p> <p>The Borough's public spaces and the services provided therein will make key contributions towards achieving the Council's Strategic priorities. Key aspect of the open space provisions are;</p> <ul style="list-style-type: none"> <li>• Safety and Amenity – To improve and maintain the visual attractiveness of the public realm and ensure the perceived and physical safety of facility users and visitors</li> </ul>	3 + 1 + 1 Years	C&G Budget	20/07/2015	October 2015	Included as part of the tender

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
		<ul style="list-style-type: none"> <li>Conservation and Biodiversity – To conserve historical landscape and features, and to protect, expand and enhance the habitat for diverse species of plant and animal life in the Borough.</li> </ul> <p>This will be carried out in accordance with the EU Restricted Procedure.</p>					
CLC 4891	£250,000	<p><b>Management of LBTH Parks Tennis Courts</b></p> <p>The contract is for the provision of online booking management services and maintenance of tennis courts. The contractor to be appointed will ensure that residents and park users are able to book online the use to the recently refurbished tennis courts (14 units) and provide a viable maintenance programme. The authority aims to form a five years partnership contracts that operates in a revenue share scheme basis.</p> <p>There are several operators in the market including our current partner Tower Hamlets Tennis that are currently managing the tennis facilities in various London Boroughs. An open procedure would be utilised in order to attract all the possible operators in the and therefore we believe there should be interest in the proposed tender.</p>	5 years	Income Generated	20/07/2015	October 2015	Included as part of the tender