

# Cabinet

**Wednesday, 24 July 2024 at 5.30 p.m.  
Council Chamber - Town Hall, Whitechapel**

## **Supplemental Agenda 2 – Contracts Forward Plan**

### **6.5 Contracts Forward Plan – Q1 – FY 2024-2025 (Pages 3 - 20)**

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# Agenda Item 6.5

<b>Cabinet</b>  24 – July – 2024	 <b>TOWER HAMLETS</b>
<b>Report of</b> Julie Lorraine, Corporate Director, Resources	<b>Classification:</b> Unrestricted
<b>Contracts Forward Plan – Quarter One (FY2024-2025)</b>	

<b>Lead Member</b>	Councillor Saied Ahmed, Cabinet Member for Resources and the Cost of Living
<b>Originating Officer(s)</b>	Andy Grant – Interim Programme Director – Procurement
<b>Wards affected</b>	All wards
<b>Key Decision?</b>	Yes
<b>Forward Plan Notice Published</b>	10-07-2024
<b>Reason for Key Decision</b>	Significant Financial Expenditure and Significant Impact on two or more wards
<b>Strategic Plan Priority / Outcome</b>	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 £1m 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 information relating to quarter One of the 2024-2025 financial year. Only contracts which have not previously been reported are included in this report.

## Recommendations:

The 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. Authorise the appropriate Corporate Director in consultation with the Mayor to award those contracts set out in Appendix 1 and not identified in

accordance with recommendation 1, following an appropriate procurement exercise.

3. Authorise the Director Legal Services (Monitoring Officer), to execute all necessary contract documents in respect of the awards of contract referred to at recommendation 2, subject to an appropriate award decision being achieved in accordance with recommendations 1 and 2 above.
4. Review the procurement forward plan 2023-2028 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 £1m, and any contract for capital works with an estimated value exceeding £5m shall be approved by the Cabinet in accordance with the Procurement Procedures as amended by the General Purposes Committee held on 05 October 2021. This report fulfils these requirements for contracts to be let during and after quarter one 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 at Appendix 1 and gives Cabinet Members the opportunity to select contracts about which they would wish to receive further information, through subsequent reports.
- 3.5 The report also includes a Procurement Forward Plan 2023-2028 to provide the Mayor and Cabinet members with high level visibility of planned procurement activity and the opportunity to be informed in advance of the procurement cycle.
- 3.6 Appendix 1 details new contracts that are planned during quarter four of this financial year. This plan summarises new contracts that have been registered with the Procurement Service, and are scheduled for procurement 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 Contracts Forward Plan (CFP), confirm its agreement to the proposed programme and identify any individual contracts about which further information – relating either to contracting strategy or to contract award – will be required before proceeding.

### **Consultation**

- 3.9 The table below outlines contracts identified in Appendix 1 and the relevant service area/directorates. Officers from the relative service areas were advised to consult with Lead Members on the proposal of each of the contracts:

<b>Directorate</b>	<b>Number of Contracts</b>	<b>Project title / description</b>
Health, Adult & Social Care	2	1. Home Care Direct Awards 2. Mental Health Supported Living Services- Heather Lodge and Glaucus Street
Resources	3	1. Housing and Benefits IT System – Hosting, Support and Maintenance Agreement 2. Microsoft Azure Tenancy EA Agreement 3. Corporate and Customer Contact Centre Telephony Solution

- 3.9.1 The Council also ensures further governance through its tollgate process, which is a procurement project assurance methodology, designed to assist in achieving successful outcomes from the Council's high value contracting activities (over £1m, for revenue contracts, and £5m, for capital works contracts which have not gone through the Asset Management Board approval system).

### **4. EQUALITIES IMPLICATIONS**

4.1 Equality and diversity implications and 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.

## **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 circa £350m of supplies and services annually 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 The contracts listed in Appendix 1 are all subject to the Council's tollgate process which involves a detailed assessment by the Procurement Review Panel 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 also 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. Proposed efficiencies are subsequently monitored throughout implementation.

## **6. COMMENTS OF THE CHIEF FINANCE OFFICER**

- 6.1 This report details the contract forward plan for quarter one of 2024-25 in accordance with the Council's procurement procedures. All contract spend should be carried out within approved resources and, where possible, savings identified to improve value for money and contribute to MTFS savings.

## **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 £1m for revenue contracts and £5m for capital works contracts as Key Decisions.
- 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 plan 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.

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

### **Linked Report**

- None

### **Appendices**

- Appendix 1 – new contracts planned: Q1 of the Financial Year and beyond.
- Appendix 2 - Procurement Forward Plan 2024 -2028

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

- None

**Officer contact details for documents:**

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## Cabinet Contracts Forward Plan – Appendix 1

Contract Ref & Title	<b>HAC5896 Home Care Direct Awards</b> (listed as HAC896 as these are essentially an extension)					
Procurement Category:	Health & Care	Contract Duration & Extensions:	Requesting extension for a maximum of 6 months from 1 <sup>st</sup> October 2024 to 31 <sup>st</sup> March 2025			
One-Time / Recurrent	One-Time	Funding Source:	<input checked="" type="checkbox"/> General Fund <input type="checkbox"/> Capital <input type="checkbox"/> HRA <input type="checkbox"/> Grant <input type="checkbox"/> Reserves <input type="checkbox"/> S106 <input type="checkbox"/> Revenue Generating			
Cost Code	R5600.10242.A0559					
Value Total:	Extension value: Up to £37,450,679	Statutory / Non-Statutory	Statutory			
Value Per Annum:	£44,940,815	Budget	£44,940,815			
Current annual value	£44,940,815	Revised Annual Contract	Proposed uplift (4.8%) for 24/25 – TBC			
Savings Annual Value	No direct savings will be achieved through the contract extension period as this is a statutory adult social care service. The budget is required to deliver the current level of service, guarantee service quality and adhere to the Ethical Care Charter where we have committed to meet the LLW commitments during the extension period.					
<b>Summary of how savings will be achieved</b>						
Not applicable						
<b>Background</b>						
Homecare supports the delivery of Tower Hamlets Adult Social Care Vision and Strategy to promote choice, control and wellbeing focusing on the outcomes that are important to people.						
There are currently five incumbent providers within the home care framework for adults. These are Apasen, Care Solution Bureau, Diversity Health & Social Care, Excelcare, and MiHomecare, and they have provided homecare services since the contract was previously tendered. The previous contract ran from 06.02.2017 to 31.12.2023. Initially there were 7 incumbent providers (geographical lots), 3 of these were terminated due to quality concerns, and 1 new provider added. Non-geographical Lots were terminated or decommissioned.						
A direct award contract was awarded to these five providers to allow time for procurement, contract award and mobilisation, from 01.01.2024 to 30.09.2024. The same specification and terms and conditions from the 2017 contract applied to this contract.						
<b>Spend:</b>						
The overall spend on homecare for 2023-24 was £44,940,815						
<b>Scope of New Contract</b>						
A new homecare contract, to a different specification and terms and conditions, is currently being procured. The contract is for a Flexible Framework Model for homecare services for adults via a 2-Lot Framework. The Framework is divided into 4 localities. There are 2 levels of care provision, Standard and Specialist. The contract is 'Fixed Price' for the duration of the contract. Acceptance onto the Framework does not guarantee work. All providers will be expected to pay at least the London Living Wage (LLW).						
In accordance with the specification this provision provides						

- Care to:
  - older people with a range of care and support needs.
  - adults living with dementia.
  - adults with learning disabilities.
  - adults with mental health needs.
  - adults with a range of sensory and physical impairments.
  - adults who are living with autism or who are neuro-diverse.
  - adults whose behaviour may challenge or pose risks to themselves or others.
  - adults who have needs relating to hoarding.
  - young adults with care and support needs, including those who are in “transition” from using Children’s services.
  - Carers who require support
- Support to service users.
  - to live well at home, exercising independence and control over their lives.
  - to reduce, delay and (where possible) prevent the escalation of personal needs and risks.
  - to achieve better recovery and rehabilitation after episodes in hospital.
  - to access community support activities and networks.
  - to carry out appropriate health care activities.
- Support to Carers including respite and emergency responses.

This is a statutory service supporting vulnerable residents in need of care and support living across the Borough, there is a requirement to provide it in the interim whilst the tendering process is concluded, and a new home care contract is awarded.

### **Request**

Extensions are requested for the existing commissioning homecare providers to allow time for the completion of the procurement and the safe and efficient mobilisation of the contract. The length of the extension for the incumbent providers will be based on a risk assessment of the time required to transfer clients to the new provider and will be up to the end of January 2025. This is based on mobilisation beginning on time in August 2024. Any delays to this may mean further extension periods are necessary.

This time frame allows for a six month mobilisation with additional social worker support; brokerage support and project manager support. The additional resource needed totals £100,000. This would allow mobilisation by 31<sup>st</sup> January 2025. The new model of homecare gives residents more choice of provider and gives paid carers more choice over working arrangements which is why it is important to mobilise as quickly as possible.

### **Reason for Request for Contract Extension**

The current contract ends on 30.09.2024. The recommissioning and tendering process has already started with the following areas having already been finalised: the pre-tender market analysis and engagement, the preparation of revised tender documentation including a service specification, contract schedules and agreed price: quality weighting and scoring mechanism. The remaining aspects of the tender process including governance, award notices, standstill, contract award, subsequent transition, contract mobilisation and transfer still need to be undertaken.

In accordance with current timelines, procurement and governance is completed and mobilisation is due to begin 01.08. 2024. This timeline may vary subject to new information, mitigation of any new risks and any additional delays due to legal challenges. Commissioning will only use the length of time needed to complete the procurement and mobilisation in full compliance with the Council’s Procurement Procedures and The Public Contracts Regulations 2015 (as amended by the EU Exit Regulations 2020).

There have been a number of procurement delays including:

- The homecare procurement which commenced in 2022 was halted and the model revised
- The tender process was complex due to:
  - The framework involved two separate lots
  - The nature of the home care market, there were a large number of bidders (147)
  - A large number of bidders passed into the second stage (77); this led to an extended tender evaluation period

- Risk and capacity issues arose, such that LBTH required an external organisation to review the procurement process and to support the council in mitigating the risks.

Mobilisation of home care contracts are often lengthy and complex due to the number of vulnerable service users involved and that in most cases, a large number of people are moved from one home care provider to another, causing distress and disruption to service users and families, and pressure on social care teams. Due to the level of deprivation in Tower Hamlets, the number of service users eligible for funded home care services is extremely high. Depending on the final makeup of the new framework, up to 2280 people may need to transfer to a new provider. Additionally, there are likely to be TUPE considerations for some of the care workforce.

The new contract will have a new model which comprises of 12 contracted LOT 1 providers across four localities' (3 providers per locality). In addition, there will also be potentially 19 LOT 2 providers. During the mobilisation period existing homecare packages will be transferred to LOT 1 providers. This is a significantly higher number of providers and will require intensive resource to mobilise safely and appropriately.

Commissioning will need to ensure home care providers have the information they need to be able to manage, for example, complex and short notice hospital discharges.

Legal officers have advised to avoid increasing the pressure on what might prove to be a challenging mobilisation (TUPE consultation and staff transfer arrangements, communication with families and potential provider changes for service users, Direct Payment assessments as well as difficulties with out going providers, an extension of the existing contracts would further avoid a break in service provision and a potential breach of the Council's Care Act duties.

The Council is committed to protecting the most vulnerable people in the borough and in this case has a legal duty to do so. This request for extension of the existing contracts is necessary to ensure that there is seamless and safe continuity of care services to those people who are reliant on them.

### **Community Benefits**

For the period of the contract extension, Social Value will be delivered as originally specified within the contract. In addition, as of the procurement examples of the Social Value that the Council may seek include local recruitment, apprenticeships, support for schools and young people as well as local small and medium enterprises.

Contract Ref & Title	<b>Mental Health Supported Living Services: HAC5609 Heather Lodge and Glaucus Street</b>		
Procurement Category:	Health & Care	Contract Duration & Extensions:	*New Procurement Details 3 + 1 = 4 Years
One-Time / Recurrent	Recurrent	Funding Source:	<input checked="" type="checkbox"/> General Fund <input type="checkbox"/> Capital <input type="checkbox"/> HRA <input type="checkbox"/> Grant <input type="checkbox"/> Reserves <input type="checkbox"/> S106 <input type="checkbox"/> Revenue Generating
Cost Code	33201-R5600- A2559		
Value Total:	£1,628,824	Statutory / Non-Statutory	Statutory
Value Per Annum:	£407,026	Budget	£407,026
Current annual value	£407,026	Revised Annual Contract	£407,026
Savings Annual Value	Not Applicable		

### **Summary of how savings will be achieved**

No direct savings are achieved from this contract however, this contract supports the MTFS Mental Health Accommodation Pathway savings of £253,000 to be delivered in 2024-25 through repatriation of out of Borough placements. Maintaining the contract value at the established level is necessary to ensure the service is able to provide an alternative to out of area residential care.

### **Background**

Heather Lodge mental health supported living service is an established contracted service which offers supported housing to residents who have been assessed as in need of support under the Care Act. Many although not all, will also have a section 117 aftercare need following being subject to the Mental Health Act. The borough has a statutory duty to support individuals through both legislative frameworks. The service enables service users to recover and sustain good mental wellbeing, whilst also attaining independent living skills such as tenancy management, training or employment and community inclusion.

The current contract is delivered by Providence Row Housing Association who also own the building. The contract comes to an end in July 2025. There have been no concerns with the service over the lifetime of the contract and no remedial action has been taken. The service is well regarded with sufficient and effective input from key stakeholders including the clinical care teams.

### **Scope of Contract**

This is a new procurement project which will seek to provide supported accommodation to 29 residents with serious mental illness for whom the borough has a statutory duty to provide care and support.

The services will have a strong focus on supporting service users with their journey towards recovery and independence, providing support that is tailored and flexible and delivered in accordance with individual's needs. Services will be provided as part of the Authorities duties under the Care Act and S117 of the Mental Health Act.

Heather Lodge is an in-borough service that has 29 mixed gender units, of which 21 offer high support and 8 offer low support. High support provides a higher number of direct support hours per week to services users in order to support recovery and stabilisation. Service users then move along the pathway into a lower support setting with enabling increase independent recovery management and allowing for the development of tenancy sustainment skills.

The support service is provided 24 hours a day 365 days per year with tailored flexible support delivered in accordance with needs of users. The future contract service will help achieve the Tower Hamlets Health and

Well-being Board's vision for improving outcomes for people with mental health problems in the borough.  
Additional outcomes for this service include: -

- Enhancing the strengths and resilience of service users through therapeutic risk-taking to promote personal recovery
- Maintaining individuals' growth and recovery
- Treating disability with respect, promoting social inclusion, and reducing stigma
- Improving users' holistic quality of life
- Enhancing life-skills and supported users into long term independence.

### **Spend**

The figures provided represent the maximum contract value in 2024-25. The spend has been calculated based on the total contract value over the life of the new contract period but any decision to adjust contract funding over the lifetime of the contract will be determined through a process of negotiation and in full understanding of evidence-based cost pressures based on annual increases to LLW and inflationary pressures.

The final contract value will be based on submission within the budget from the winning bidder and will be determined through a weighted score as part of the procurement process.

### **Contracting Approach**

The contracts will be tendered through a Single Stage Open Procedure and issued via London Tender Portal, compliant with the Council's Procurement Procedures and The Public Contracts Regulations 2015 (as amended by the EU Exit Regulations 2020). The current contract is due to expire on the 30/06/2025. The procurement timeframe is as follows:

Tender phase	Expected completion
Design and preparation	September 2024
Contract award	January 2025
New contract start	1 <sup>st</sup> July 2025

Consideration has been given to in-sourcing this service, however it has not been deemed appropriate for the following reasons:

- The service requires the provision of up to 29 units of specialist supported housing which are currently provided within the specialist registered housing provider. There is not provision within the borough to provide this as an alternative.
- This provision is highly specialised for people with serious mental illness who have complex and profound physical, emotional and health needs, and requires high levels of specialism to deliver and sustain to effective quality standards.
- The service delivery requirements contain specialist competencies and training of the workforce which has been best delivered by voluntary sector organisations with a proven track record and expertise in this area.
- Maintaining this service within the voluntary sector enables best value for money whilst we continue to ensure Providers meet London Living Wage thresholds.

### **Community Benefits**

Social Value will have 10% overall weighting in the tender evaluation process. This will include consideration of Social Value benefits that can reasonably be delivered within the proposed contract. An indication of the benefits that may be requested within the procurement process are listed below:

- Ensuring accessibility for all eligible service users with due respect to their culture and religion
- Ensuring acceptance by local community leaders and that they are fully informed about our services and supportive of them,
- employing people with mental health problems in their service,
- employing Tower Hamlets residents in their service.
- Support local recruitment incentives.
- Support local small and medium enterprise through sharing expertise and resources.
- Maximise usage of local training providers.

Contract Ref & Title	R6021 Housing and Benefits IT System – Hosting, Support and Maintenance Agreement		
Procurement Category:	Corporate Services	Contract Duration & Extensions:	3 years initial. With options to extend by two years.
One-Time / Recurrent	Recurrent	Funding Source:	<input checked="" type="checkbox"/> General Fund <input type="checkbox"/> Capital <input type="checkbox"/> HRA <input type="checkbox"/> Grant <input type="checkbox"/> Reserves <input type="checkbox"/> S106 <input type="checkbox"/> Revenue Generating
Cost Code	23899		
Value Total: <i>(Note: it includes estimated index, future purchases &amp; implementation)</i>	£5,615,097	Statutory / Non-Statutory	Statutory
Value Per Annum:	£479,580 per Year	Budget	£479,580 per Year
Current annual value	£479,580 per Year	Revised Annual Contract	£479,580 per Year
Savings Annual Value	£14,387		

#### **Summary of how savings will be achieved**

This is a per annum cost avoidance for the first 3 years of the contract, based on a 3% indexation rise on year one of the contract price.

#### **Background**

The current hosting and application support and maintenance contract for the housing, rents and benefits IT system is due to expire on 31 March 2025. In accordance with the procurement procedures, authority is being sought to renew the agreement for continuity of service and to avoid a significant cost of change and risks to the Council.

#### **Scope of Contract**

This procurement is seeking a new contract to deliver the hosting, support, and maintenance for the existing IT system. It is recommended that the contract is let for an initial three years, with two options to extend for two years apiece. The contract will also seek to consolidate other housing, rent and benefits requirements into a single IT system for enhanced integration, reporting, customer experience, and service management. This includes meeting the requirements of the Housing Options Improvement Programme. The budget for these requirements would be met by either eliminating existing costs or by the service areas securing funding.

#### **Contracting Approach**

The contracting approach will be finalised after completing the pre-sourcing activities. The contract sourcing team is proposing use of the appropriate framework or other compliant route. The sourcing team will take steps to ensure the contracting approach is compliant with the Council's Procurement Procedures and The Public Contracts Regulations 2015 (as amended by the EU Exit Regulations 2020)

#### **Community Benefits**

Although this procurement will be through a direct award, officers are still required to ensure that contractors provide additional community benefits as part of a social value offering. Officers will explore with the supplier options for obtaining some community benefits.

Contract Ref & Title	R5834 Microsoft Azure Tenancy EA Agreement		
Procurement Category:	Corporate Services	Contract Duration & Extensions:	Contract variation (Contract expires 31/3/26)
One-Time / Recurrent	One-Time	Funding Source:	<input checked="" type="checkbox"/> General Fund <input type="checkbox"/> Capital <input type="checkbox"/> HRA <input type="checkbox"/> Grant <input type="checkbox"/> Reserves <input type="checkbox"/> S106 <input type="checkbox"/> Revenue Generating
Cost Code	23899		
Value Total:	£5,333,196 <i>(Note: this includes £4,748,000 – initial contract value + £585,196 for this variation)</i>	Statutory / Non-Statutory	Non Statutory
Value Per Annum:	£585,196	Budget	£610,416
Current annual value	£610,416	Revised Annual Contract	£585,196
Savings Annual Value	£25,000 (circa)		

### **Summary of how savings will be achieved**

This saving will be achieved by amending the Council's agreement for the provision of licenses for the Microsoft Office applications, such that the hosting (of the Council's data) is also included in this agreement. The appendix sets out the reasoning behind this. By incorporating the hosting into the agreement, the Council will be able to take advantage of the Memorandum of Understanding (MoU) between Microsoft and the Central Government, including the 12% discount agreed for the Enterprise Agreement (EA).

### **Background**

In 2021, the Council entered a new contract with a Microsoft Cloud Service Provider (CSP). It provided the Council with a Microsoft Azure Cloud tenant. Azure is the cloud storage service of Microsoft. Azure is used (amongst many things) to manage access to most systems of the Council in a secure and auditable way. It also allows the Council to migrate all of its on-premises server infrastructure into a more cost-efficient model using cloud storage.

This service was procured when the Council exited from the ICT Partnership agreement with a third party, which used to manage the ICT services, including hosting. A CSP contract is where an approved Microsoft supplier buys an Azure hosting tenancy, which is then sold as a managed service to the customers. This approach was adopted to utilise the expertise of the vendor, following the in-sourcing of the ICT services.

The aim is to move away from the CSP Microsoft agreement to a Server and Cloud Enrolment (SCE), a component of the Microsoft EA. This agreement is focused on licensing for Microsoft's server and cloud technologies.

### **Scope of Contract**

The IT Service of the Council now has in-house capabilities to manage the Microsoft Azure tenancy. The desire is to move to EA. The Council already has EA for current Microsoft M365/Office licences and this will bring both under the same agreement. The benefit of this is that the Council could take advantage of the Memorandum of Understanding (MoU), which the Central Government has with Microsoft to provide a 12% discount on Azure tenancy to public sector organisations. According to Microsoft, most of the local authorities across the country are on EA.

### **Contracting Approach**

The proposal is to make an addendum to the current Microsoft EA licence contract, which was purchased through Insight Direct UK; the proposal will in effect be a variation to this arrangement adding the Azure hosting to the agreement that at the moment, covers the licensing for the Microsoft Office applications and some servers only. The Council procured this contract in 2022 through the Crown Commercial Service (CCS) aggregated tender. This is where CCS tendered on behalf of several other public sector organisations to reduce costs based on economies of scale.

The CCS tender had included Microsoft Azure tenancy as part of that process, and they had locked the pricing for the duration of the contract, but the Council was unable to move over to this at the time because there was a contract already in place. Once the existing Azure CSP contract expires, it is proposed to incorporate this service into the Microsoft EA license contract.

This is the final year of the Microsoft EA licence contract, so the proposed addendum to the agreement will also end at the same time. The plan is that, towards the end of 2025, the Council will tender and contract for both the Microsoft licences and Azure tenancy with the appropriate supplier so that a new contract can commence from 01 April 2026.

### **Community Benefits**

This procurement proposal is for contract variations. Therefore, there are no additional community benefits as part of a social value offering. However, officers will explore with the supplier options for obtaining some community benefits.

Contract Ref & Title	R5979 Corporate and Customer Contact Centre Telephony Solution		
Procurement Category:	Corporate Services	Contract Duration & Extensions:	Initial 3 years, with an option to extend for another 2 years.
One-Time / Recurrent	Recurrent	Funding Source:	<input checked="" type="checkbox"/> General Fund <input type="checkbox"/> Capital <input type="checkbox"/> HRA <input type="checkbox"/> Grant <input type="checkbox"/> Reserves <input type="checkbox"/> S106 <input type="checkbox"/> Revenue Generating
Cost Code	23899		
Value Total:	£3,339,258 <i>(Note: this estimate is based on existing expenditure, and it includes an allowance for 2% indexation and 5% growth over the term of the contract)</i>	Statutory / Non-Statutory	Statutory
Value Per Annum:	£494,000	Budget	£504,000
Current annual value	£504,000	Revised Annual Contract	£494,000
Savings Annual Value	£10,000.		

### **Summary of how savings will be achieved**

By opening the contract to market competition for modern solutions, and rationalising the users, it is envisaged that there will be savings. It is anticipated a circa £10K annual saving to be achieved.

### **Background**

The current Corporate and Customer Contact Centre telephony contract is due to expire on 31 March 2025. This tender is seeking supplier(s) to deliver corporate telephony utilising Microsoft Teams Calling and a (integrated) solution that meets the requirements of the Customer Contact Centre.

The current solution was rolled out based on traditional physical handsets, as this was the requirement of the time. With the move to the New Town Hall, softphones (i.e., internet-based phone systems that can be used on a corporate device) were deployed using the same technology due to the building being predominantly Wi-Fi only. However, the current technology is not compatible with Microsoft Teams (i.e., messaging, and virtual meeting application), which is in use throughout the Council.

As required by the procurement procedures of the Council, authority is being sought to tender for these services. Its purpose is to have a robust and reliable system utilising existing Teams technology for corporate telephony and ensure the best price and outcome through market competition. For the Customer Contact Centre, the Council would also like to make the customer experience easier by using GenAI (Generative Artificial Intelligence), as well as voice and chatbot solutions, allowing for a seamless transition from bot to an agent while passing through information obtained via the voice/chatbot and having the ability to escalate voice to video or start video sessions with residents/customers.

### **Scope of Contract**

Following the pre-sourcing activities, the tendering team will determine whether to run two or a single procurement exercise. This will be based on whichever option is most economically advantageous to the Council. The tender(s) aims to deliver a Microsoft Teams calling plan and an integrated solution that meets the requirements of the Customer Contact Centre. The length of the contracts will also be finalised after completing the pre-sourcing activities, e.g., whether it is an initial 3 years, with options to extend for a further 2 years.

## **Contracting Approach**

The contracting approach will be finalised after completing the pre-sourcing activities which may include the analysis of the business need, market analysis/market engagement and development of the sourcing strategy. The procurement will be compliant with the Council's Procurement Procedures and The Public Contracts Regulations 2015 (as amended by the EU Exit Regulations 2020).

## **Community Benefits**

Social value will have a 10% overall weighting in the tender evaluation process with the requirements being developed and defined during the preparation of the Tender Pack. This will include consideration of Social Value benefits that can reasonably be delivered within the proposed contract.



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