

<b>Committee/Meeting:</b> CABINET	<b>Date:</b> 9 October2013	<b>Classification:</b> Unrestricted	<b>Report No:</b> CAB 040/134
<b>Report of:</b>  <b>Corporate Director: Chris Holme</b>  <b>Originating officer(s)</b> Zamil Ahmed – Senior Procurement Manager Resources Ext 4385		<b>Title:</b>  Quarter 3 - Contracts Forward Plan  <b>Wards Affected: All</b>	

<b>Lead Member</b>	Cllr Alibor Choudhury
<b>Community Plan Theme</b>	One Tower Hamlets
<b>Strategic Priority</b>	All

1. **SUMMARY**

- 1.1 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 Q3 of the Financial Year.
- 1.2 Only contracts which have not previously been reported are included in this report.

2. **DECISION REQUIRED:**

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 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 a Head of Legal Services to execute all necessary contract documents in respect of the awards of contracts referred to at recommendation 2 above.

### 3. **REASONS FOR THE DECISIONS**

- 3.1 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 Q3 of the Financial Year.

### 4. **ALTERNATIVE OPTIONS**

- 4.1 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.

### 5. **BACKGROUND**

- 5.1 This report provides the forward plan for the period 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.

### 6. **FORWARD PLAN OF CONTRACTS**

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

- 6.2 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.

- 6.3 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.
- 6.4 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.

## **7. COMMENTS OF THE CHIEF FINANCIAL OFFICER**

- 7.1 This report describes the quarterly procurement report of the forward plan for 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.
- 7.2 Approximately £66.5m of goods, services and works will be procured from external suppliers. There is one Capital project reported. 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.

## **8. CONCURRENT REPORT OF LEGAL SERVICES**

- 8.1 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. In November 2009, Cabinet approved the 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 2006. 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 in paragraph 3.1 of this report. The arrangements are consistent with the proper administration of the Council’s financial affairs.
- 8.2 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 by 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 which require staff based in London will require contractors to pay their staff the London Living Wage. Where the staff are based outside London an assessment will be carried out to determine if that is appropriate.

- 8.3 Contracts are recommended for a maximum period of three years except where there are particular circumstances relating to the procurement which warrant a longer period e.g. where equipment or premises needs to be provided by the contractor. Due to the requirement for the contractor to recover their investment in that equipment the cost of a shorter contract would not represent best value to the Council

## **9. ONE TOWER HAMLETS CONSIDERATIONS**

- 9.1 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.

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

- 10.1 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.

## **11. RISK MANAGEMENT IMPLICATIONS**

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

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

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

## **13. EFFICIENCY STATEMENT**

- 13.1 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.

## **14. APPENDICES**

Appendix 1 – new contracts planned: Q3 of the Financial Year and beyond.

---

---

**Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012**  
**List of “Background Papers” used in the preparation of this report**

Brief description of “background papers”      Name and telephone number of holder and address where open to inspection.

**None**

**N/A**

**Appendix one – new contracts planned: Q3 of the Financial Year**

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
R4507	<p><i>£100,000 per annum</i></p> <p><i>£300,000 contract total value</i></p>	<p><b><u>Executive Recruitment</u></b>                      To create a framework of Executive Search and Selection providers for use by the council's senior officers to facilitate the recruitment of permanent staff members at LP09 grade and above (up to and including Chief Executive)</p> <p>The framework will allow council officers to use the services either by direct call-off or through mini-competition and the new arrangement will seek to improve representation of local and BAME candidates in the recruitment process for senior positions</p> <p>The council is undertaking this procurement exercise to replace the existing framework that expires on 31<sup>st</sup> January 2014</p> <p><b><u>Community Benefits</u></b></p> <p><u>Supporting workforce planning objectives -</u>                      We are asking suppliers to describe ways in which they can assist the council's workforce planning objectives (such as Navigate) or in the recruitment and selection process of senior staff. This should have an indirect community benefit.</p> <p><u>Supporting local employment businesses -</u>                      The companies expected to tender are generally well-established and have a wealth of recruitment knowledge/expertise that might be used to help support local employment businesses. This will be through business mentors, consultant shadowing/work placements, assistance with policies or bidding. Expectations to provide these services</p>	36 months	Funded from revenue	*30/09/2013	Contract to commence on 1 <sup>st</sup> February 2014	To be included as part of the evaluation criteria.

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
		<p>are to be placed upon for suppliers who will be anticipated to billover £100k during the contract term</p> <p><b>Employment of local residents</b> Suppliers who are expected to bill over £150k during contract term will provide two 2-week work experience placements to individuals aged 16+ in each subsequent year</p>					
R4505	<p>£629,000 per annum</p> <p>£1,887,000 (36 months duration)</p> <p>£3,145,000 (60 months duration)</p>	<p><b><u>Liability Insurance for Schools and Council Buildings</u></b> Procurement relates to the re-procurement of insurance policies for all of the council owned buildings i.e. schools, housing and corporate. The liability insurance includes public; employers and professional liability. The expiry date for all of these contracts is 31st March 2014. These insurances are necessary and would leave the council open to monetary losses if they were not in place.</p> <p>The London Borough of Croydon is the lead member of the ILC and responsible for the procurement exercises (as per the section 101 agreement entered into by the Council). The ILC have agreed to use the GPS &amp; Pro 5 insurance services framework agreement (RM958).</p> <p><b><u>Community Benefits</u></b></p> <p>Will be incorporated where appropriate.</p>	36 months + 24 month extension	Funded from revenue	*19/08/2013	Contract is due to commence on the 1 <sup>st</sup> April 2014.	To be included as part of the evaluation criteria
ESCW (CSF) 4508	<p>£84k per annum</p> <p>£252,000 Total</p>	<p><b><u>Children Rights Advocacy Service</u></b> The statutory provision of independent advocacy services to children who are looked after by the local authority. Providing services directly to looked after children and care leavers. The service includes the provision of advocacy to individual children</p>	2 years with option to extend for 1 year.	General fund revenue	*Oct/Nov 2013	Invitation to tender July 2014	To be included as part of the evaluation

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
		<p>and young people and encourages user participation. The services will also provide confidential advice, information, representation and training.</p> <p><b><u>Community Benefits</u></b></p> <p>The contract will include training opportunities for disabled young people.</p>					criteria
R4444	<p>£500,000 per annum</p> <p>£1,500,000 total</p>	<p><b><u>Welfare Processing Resilience Project</u></b></p> <p>Contract is for the re-procurement of an organisation to manage the 'peaks' in benefit claims. With the recent changes to the benefit legislation the ability to process claims in a timely manner will be even more of a challenge and this service will assist the council to maintain service levels. It is also proposed to open this contract to other boroughs with the possibility of our council receiving a percentage of their expenditure or an introduction fee. The current contract has been in place for a number of years and has been very successful in supporting council staff. Agilisys have the right to undertake this work under the terms of their contract so this procurement will only proceed if Agilisys are not to do the work</p> <p><b><u>Community Benefits</u></b></p> <p>The recruitment of 4 Benefits Apprentices (and possibly up to 6 Apprentices).</p> <p>However, this being an offsite remote processing contract for Benefit claims assessments (which realises value for money), the nature of this work is such that it is unlikely to be able to provide other Community Benefits.</p>	24 + 12 months	Funded from revenue	15/04/2013	Contract to commence 1st June 2014	To be included as part of the evaluation criteria



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
<b>CLC4418</b>	<p>£200,000 Turnover per annum (includes all invoiced overheads inc fees paid direct to council departments i.e. parks, parking, highways in addition to £40-60k profit share)</p> <p>Total 3 year contract turnover £600,000 (includes all invoiced overheads inc fees paid direct to council departments and potential profit share of £120-£180k)</p>	<p><b><u>Film Location Service Concession Contract</u></b>  LBTH receives a large number of requests for location filming. The aim of this procurement is to set up a One Stop Shop with a location management company to control all aspects of the process.</p> <p>Currently LBTH works with a location management company out of contract and would like to take this to tender to achieve a better outcome for LBTH. Location filming generates an annual turnover of £200K invoiced turnover including all invoiced overheads which would include fees paid directly to council services such as Parks, Parking, Property Services &amp; Highways.</p> <p>In addition to this, LBTH anticipates receiving 40k-60k annually in profit share. This is a nil cost contract to the council and the profit share generated will cover the costs of contract management by the Council's Film Officer and supports film related services to residents and local businesses as both a leisure pursuit and for professional development.</p> <p><b><u>Community Benefits</u></b></p> <p>The contract will include opportunities for local film makers to gain work experience: Where possible, charities and local film makers will have free access to film locations,</p>	36 months plus a possible 12 +12 month extension (agreed with the lead member)	Self-funding, no cost to the council	04/03/2013	Contract scheduled to commence January 2014	To be included as part of the evaluation criteria
<b>ESCW (CSF) 4472</b>	£4.1m. (can fluctuate as	<p><b><u>Foster Placements for Looked After Children Framework</u></b>  To ensure the Council meets its sufficiency duty in relation to placements for looked after children it is proposed that new</p>	36 months	Funded	*19/08/2013	Contract scheduled to	To be included as part of

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
	demand led service) so in the region of £12.3m over a three year period.	<p>external foster care placements are in future commissioned through a regional framework agreement developed in partnership with East London and North London boroughs. (Lead boroughs are Enfield and Waltham Forest).</p> <p>Approval is also required to re-subscribe to the Pan London Agreement for Foster and Residential Care as children currently looked after by the authority have been placed with providers on this framework and there is no intention to move these children as it is crucial to ensure placement stability. The annual budget takes account of spend across both frameworks agreements (this is demand led provision so spend will fluctuate).</p> <p><b><u>Community Benefits</u></b></p> <p>Recruitment of local foster carers and where possible provision of apprenticeship opportunities.</p>		by revenue		commence April 2014	the evaluation criteria
H4475	<p>£7,500,000 per annum estimate</p> <p>OJEU scope to be between £0 and £37,500,000 Over 5 years</p>	<p><b><u>THH Specialist, New/ replacement works phase 1</u></b></p> <p>THH currently has 11 term contracts that cover various specialist new works that fall outside of the Decent Homes scope of work. These have been reviewed and amalgamated into 7 lots instead. Due to the Leaseholder requirements, these are being split into 2 procurement functions so as to stage the impact on residents.</p> <p>The first Contract procured will have 3 Lots covering new/ replacement works for:</p> <ul style="list-style-type: none"> <li>• Lifts,</li> <li>• CCTV, Door entry and TvAriels</li> <li>• Heating and water</li> </ul>	60 months	THH capital	*19/08/2013	November 2013	To be included as part of the evaluation criteria

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
		<p>These will complement the current reactive specialist contracts awarded April 2012 and are structure to support the scope and capacity of local SMEs. The contracts will be designed to support the community benefits targets through a 5 year contract (technical apprenticeship require 5 year courses) as well as economy of scales from the arrangement.</p> <p>These requirements cannot be covered by external frameworks or LBTH contracts as they do not meet the Leaseholder requirements for our residents.</p> <p><b><u>Community Benefits</u></b></p> <p>This will include apprentices through the supply chain, use of local business and suppliers, and education and training opportunities for local residents.</p> <p>The impact on residents will be positive with quality of life enhance and the value of lease holders' investment protected. Full resident participation and lease holders consultation will take place as part of the process.</p>					
H4476	<p>£2,000,000 Per annum estimate</p> <p>OJEU scope to be between £0 and £14,000,000 Over 5 years</p>	<p><b><u>THH Specialist, New/ replacement works Phase 2</u></b> THH currently has 11 term contracts that covered various specialist new works that fall outside of the Decent Homes scope of work. These have been reviewed and amalgamated into 7 lots instead. Due to the Leaseholder requirements, these are being split into 2 procurement functions so as to stage the impact on residents.</p> <p>The second phase Contract procured will have 3 Lots covering new/ replacement works for:</p>	60 months	THH capital	*19/08/2013	January 2014	To be included as part of the evaluation criteria

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>• Re-wires, risers and laterals</li> <li>• Asbestos</li> <li>• Hard and soft landscaping</li> </ul> <p>The first two replace contracts due to expire while the third covers a gap in current contract service provision. They are structure to support the scope and capacity of local SMEs. The contracts will be designed to support the community benefits targets through a 5 year contract (technical apprenticeship require 5 year courses) as well as economy of scales from the arrangement.</p> <p>These requirements cannot best be covered by term contracts available from external sources or contracts available within LBTH as these are unlikely to meet the detailed requirements of THH leaseholder consultation and related matters.</p> <p>The 7th Lot, (internal and external works contract H3134) will be addressed in 12 months so that it is phased to cover any works not covered by the decent homes contracts.</p> <p><b><u>Community Benefits</u></b></p> <p>This will include apprentices through the supply chain, use of local business and suppliers, and education and training opportunities for local residents.</p> <p>The impact on residents will be positive with quality of life enhanced and the value of lease holders' investments protected. Full resident participation and lease holders consultation will take place as part of the process.</p>					

