


Cabinet 23 July 2014	 TOWER HAMLETS
Report of: Chris Holme – Corporate Director Resources	Classification: Unrestricted
Contracts Forward Plan - Q1 and Q2 (2014-2015)	

Lead Member	Cllr Alibor Choudhury
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 and Q2 of the Financial Year.

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

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 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& Q2 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 and Q2 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 and Q2 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&2 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 £49.5m 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.

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. 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.
- 6.2 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 9th 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 staff are based outside London an assessment will be carried out to determine if that is appropriate.

6.3 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.

6.4 It is understood that in respect of LPG4795, funding is currently available for one year. On that basis the terms of any procurement and contract must be clear that the contract is for one year with any extension being at the option of the Council. Such extension should only be exercised if sufficient budget is made available.

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.

Linked Reports, Appendices and Background Documents

Linked Report

- None.

Appendices

- Appendix 1 – new contracts planned: Q1 and Q2 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 and Q2 of the Financial Year 2014-15

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
ESCW 4733	Approx. £4.36m	<p><u>Learning Disabilities Community Hub Day Opportunities: Preferred Provider List</u></p> <p>To re-open the preferred provider framework, that was initially advertised in June 2012 and awarded in May 2013. The process always had a stipulation that the opportunity to apply would be available annually supporting those previous bidders not successful and providing new bidders an opportunity to be placed onto the preferred provider list to be able to be spot purchased for the provision of day opportunities for adults with learning disabilities.</p> <p>The new spot contract on offer will be for 3 years (2+1) in order to tie in with the first phase as noted above.</p> <p>An EU compliant open tender process (combining PQQ and ITT) will be followed. This will be supported by a briefing to bidders and the usual support through clarification period based on materials supplied such as an updated service specification, finance information, KPI's and method statement which support the compliance information requirements.</p> <p>The timelines sought are for advert to go live in July 2014 with contract award recommendations by November 2014. The Tollgate 1 will be presented to Competition Board on 29 May 2014.</p>	2 +1 Years	General Fund	07/04/2014	14/07/2014	Included as part of the Tender

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ESCW 4734	Approx. £2.563m	<p><u>Older Persons Community Hub Day Services</u></p> <p>A review of all Older Persons Day Services is currently in progress. The review encompasses all existing provision with a focus to review and develop services in Borough which are responsive and guided by local need and best practice. The review will also include consultation and benchmarking to enable the updating of service specifications with a person centred outcome driven model of service provision.</p> <p>The contract on offer will be for a spot contract for three years. Following the review and consultation, the expectation is for a report to be scheduled for September 2014 Cabinet with outcome of the review, model of provision to be delivered and procurement options to enable this to be pursued. Establishing a preferred provider list for Older Person Day Opportunities is expected to be the commissioning approach proposed to members.</p> <p>An EU compliant open tender process (combining PQQ and ITT) will be followed.</p> <p>Consortium bids will be encouraged as a means of delivering opportunities for SME providers to engage.</p>	2 +1 Years	General Fund	07/04/2014	06/10/2014	Included as part of the Tender
ESCW(AH WB)4776	Approx. £5.1m	<p><u>Short break provision for disabled children and their families</u></p> <p>The tender will cover all requirements for short break provision for disabled children and their families, including accommodation based short breaks; respite care provided in the family home; and weekend, school holiday and after-school provision. In so doing, the tender will encompass three existing contracts: residential short breaks; home-based short breaks; and holiday, after-school and weekend short breaks. The existing contracts expire in the second half of 2015.</p>	2 +1 Years	General Fund	07/04/2014	06/10/2014	Included as part of the Tender

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		A standard EU compliant restricted tender process will be followed. This will be supported by a briefing to bidders and the usual support through clarification period based on materials supplied such as an updated service specification, finance information, KPI's and method statement which support the compliance information requirements.					
CLC4739	Approx. £542,000	<p><u>Material Sorting (MRF) Service</u></p> <p>The contract is for the provision of a materials sorting service for the Council's co-mingled dry recycling that is collected from household and commercial properties within the borough</p> <p>Single Authority procurement for LBTH requirements only using the Restricted Process. The current contract includes provision for extension, which is currently being explored with the incumbent contractor. This option is being twin tracked with the process of seeking approval to commence re-procurement should that prove necessary.</p>	2 years + 2 month	General Fund	07/07/2014	21/07/2014	Included as part of the Tender
LPG4795	Approx. total for each year 350k and for the four years £1.4m.	<p><u>Mayoral Advisors</u></p> <p>The contracts are for advice services to the Mayor and Cabinet Members on equalities engagement (women, youth, elderly, diverse and new communities), media, community media, and public policy and localism.</p> <p>Contracts to range from £25,000 to £60,000 with subsequent years to be awarded subject to funding.</p>	1 year + annual extension for 3 years	Chief Executive's- Democratic Services- Mayor's Office	18 th August 2014	22nd August 2014	Included as part of Tender

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R4725	£1,744,000	<p><u>Corporate Stationary Contract</u></p> <p>A collaborative LCSG Pan London framework. The basis of the new frameworks is to achieve best value for all participating bodies, to support this it is proposed to make the frameworks innovative by taking advantage of the best practice introduced by some of the participating authorities and to be innovative in the approach being followed. The contract will be split into two lots as follows: - <u>Lot 1 -</u> General office stationery including office machines, office paper and limited school related products <u>Lot 2 -</u> Electronic office suppliers</p> <p>A price only tender contract via an e-Auction / Revised/smaller core list of products predominately own brand. Base price based on two deliveries per week to the building, thereafter additional charges will apply for various other alternatives i.e. additional/weekly deliveries or desk deliveries. The contract will be procured through an OJEU restricted process.</p>	2 +1 Years	07/04/2014	07/04/2014	Revenue	N/A
CLC4748	Income Generation	<p><u>Supply and Maintenance of Bus Shelters</u></p> <p>The provision and maintenance of approximately 80 bus shelters at agreed locations throughout the borough and will be self-funded though the generation of income from digital advertising at bus shelters. The proposed contract duration is required to attract maximum revenue for the Council and is in line with market expectation.</p> <p>Single provider procurement through a restricted EU tendering procedure. While this relates to the provision of supplies, it is anticipated that income generated may be contributed to Community Benefits.</p>	15 years	07/04/2014	14/07/2014	Income	Included as part of the Tender