


<b>Cabinet</b> 5 November 2014	 <b>TOWER HAMLETS</b>
<b>Report of:</b> Chris Holme – Acting Corporate Director Resources	<b>Classification:</b> Unrestricted
<b>Contracts Forward Plan – Q3 (2014-2015)</b>	

<b>Lead Member</b>	<b>Cllr Alibor Choudhury, Cabinet Member for Resources</b>
<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 Q3 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 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 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 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.
- 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 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 £35m 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. CONCURRENT REPORT OF THE HEAD OF LEGAL SERVICES**

- 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. The Mayor 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 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 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 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 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 don't (the public sector equality duty). Information is provided in section 7 of the report to explain how this is taken into account.

## **7. ONE TOWER HAMLETS CONSIDERATIONS**

7.1 Equalities and diversity implications – and other One Tower Hamlets issues – are addressed through the tollgate process, and all contracting proposals are required to demonstrate that both financial and social considerations are adequately and proportionately addressed. The work of the Competition Board and the Procurement & Corporate Programme Service ensures a joined-up approach to procurement.

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

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

## **9. RISK MANAGEMENT IMPLICATIONS**

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

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

10.1 There are no specific crime and disorder reduction implications.

## **11. EFFICIENCY STATEMENT**

11.1 Contract owners are required to demonstrate how they will achieve cashable savings and other efficiencies through individual contracting proposals. These are then monitored throughout implementation.

## **12. APPENDICES**

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

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

#### **Linked Report**

- None.

#### **Appendices**

- Appendix 1 – new contracts planned: 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 – Contracts Forward Plan Q3 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
<p style="text-align: center;">ESCW (AHWB) 4791</p>	<p style="text-align: center;">Approx. £450,000</p>	<p><b><u>Supported Housing Move on Service</u></b>                      The service is part of the commitment within the Cabinet approved Hostel Commissioning Plan and viewed to be vital to reduce rough sleeping, by enabling people to move on from hostels. The project will:</p> <ul style="list-style-type: none"> <li>• Secure properties in the Private Rented Sector (PRS) both within Tower Hamlets and in other boroughs in London where rents are lower and more accessible for those on benefits.</li> <li>• Develop relationships with landlords to improve the supply of PRS properties.</li> <li>• Work with landlords to ensure PRS properties are of an acceptable physical standard and well maintained for the life of any tenancies.</li> <li>• Establish effective relationships with a wide range of stakeholders including hostels, floating support services, charitable organisations (who may provide assistance to vulnerable people e.g. furniture) and the Housing Options service.</li> <li>• Reduce the length of hostel stays as people will move on more quickly; this is a key aim of the hostel sector and needed to meet current and anticipated needs.</li> <li>• Enable between 70-90 PRS moves p.a.</li> </ul> <p>The service will be newly procured and jointly developed and managed with colleagues in the Housing Options service, as it is a key strategic objective of both teams. The contract will be outcomes based and as such we will take a payment by results approach to the contract terms.</p>	<p style="text-align: center;">2+1years</p>	<p style="text-align: center;">Supporting People</p>	<p style="text-align: center;">29/09/2014</p>	<p style="text-align: center;">December 2014</p>	<p style="text-align: center;">Included as part of the Tender</p>

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ESCW (AHWB) 4792	Approx. £1,500,000	<p><b><u>Tower Hamlets Young Persons Complex Needs Support Services</u></b></p> <p>This procurement is required to deliver the recommendations within the Young Persons Supported Accommodation Commissioning Plan agreed by Cabinet in November 2013. The commissioning plan acknowledged the need to reconfigure the portfolio of services to ensure we are able to :</p> <ul style="list-style-type: none"> <li>• Meet the needs and improve outcomes for the Boroughs most complex young people;</li> <li>• Respond quickly and successfully to these young homeless people, including those facing eviction from the family home; and</li> <li>• Increase capacity in the sector to address the needs of young people in need – in the context of pressing need for services.</li> </ul> <p>Procurement exercise will seek to replace the foyer with two smaller buildings that are no larger than 20 bed space to achieve stakeholder requirements. It will request the provision of a service provider with building for high support provision for young people with complex support needs.</p> <p>The procurement exercise will be by way of an open tender to test the market and access a building base for both services that is fit for purpose and ensures best value for the borough.</p> <p>The ability of the Borough to deliver the targets and associated efficiencies for the Young Persons Accommodation Commissioning Plan is heavily reliant on increasing the number of units of high support accommodation to achieve the delivery of the young</p>	2+1years	Supporting People	29/09/2014	December 2014	Included as part of the Tender

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		<p>person's accommodation pathway to independence. The existing services have been remodelled and re-commissioned and will all be in place by September 2014 for this client group. This contract will enable the borough to develop and enhance the pathway ensuring alignment to young people's needs.</p>					
<p>ESCW (CSF) 4803</p>	<p>Approx. £1.65m</p>	<p><b><u>Child and Adolescent Mental Health Services (CAMHS)</u></b> The Mental Health Strategy which was approved by the Health and Wellbeing Board includes a priority to review Child and Adolescent Mental Health Services across the three tiers of delivery. This work is currently ongoing with a view that a new service model will be developed for consultation by December 2014.</p> <p>The service has historically been jointly funded and commissioned by the Council and PCT and more recently the CCG through a S75 Agreement. The lead commissioner is currently the CCG however the Council jointly monitors the contract and is the lead organisation in terms of the strategic group responsible for emotional health and well-being for children and young people. The existing S75 Agreement comes to an end in April 2015.</p> <p>The contracting approach will be through an open tender or new contract through a S75 Agreement with the CCG remaining the lead commissioner or if appropriate by each organisation tendering separately.</p>	<p>2+1years</p>	<p>Revenue</p>	<p>29/09/2014</p>	<p>TBC</p>	<p>Included as part of the Tender</p>
<p>CLC4798</p>	<p>Approx. £1,260,000</p>	<p><b><u>Fuel Cards</u></b> To Supply fuel card account services to facilitate the purchase of fuel for all Council Transport Services.</p> <p>Mini Competition process to be run utilising Central Government Fuel Card Services Framework Contract. This contract provides limited scope for a full range of Community benefits. However, through the mini competition process suppliers will be requested to propose opportunities to deliver some levels of benefits.</p>	<p>2+1years</p>	<p>General Funds</p>	<p>29/09/2014</p>	<p>November 2015</p>	<p>Included as part of Tender</p>



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DR4738	Approx. £24.3m	<p><b>Watts Grove Affordable Housing</b> The Watts Grove development will provide 149 new build affordable housing units on the Watts Grove Depot site This development is the first scheme of this size to be directly developed by the Council on land owned by the Council.</p> <p>In 2013, the Council secured a GLA grant allocation in the sum of £6.9m to directly develop the site. In order to commit the funding, the Council must achieve a start on site by early March 2015. The scheme was approved by the Mayor on 28<sup>th</sup> February 2014 with a scheme budget of £26.3m including £2m for fees and on-costs</p> <p>The success of the scheme is dependent on being able to secure the £6.9m grant funding by March 2015. The GLA has confirmed to the Council that 80% of the funding can be drawn down at start on site in March 2015. Based on this, the Project Team has adopted a procurement approach to meet the tight time constraints. The approach involves the use of the GLA London Development Panel to procure a Design and Build Contractor – to ensure quick turnaround in the appointment of a contractor.</p>	20 months (start Feb 2015 End Sept 2017)	£6.9m GLA grant funding and prudential borrowing	29/09/2014	August 2014	Included as part of Tender
R4799	Approx. £3,681,723	<p><b>Leaseholders Building insurance</b> The Council is responsible for the provision of building insurance cover for leaseholders, as required by the lease agreement between the leaseholder and the Council. The current insurance policy expires on 31 March 2015. The Council is responsible to pay the annual insurance premium to the insurer. Leaseholders are then re-charged for their own apportioned element of the premium. The apportionment of the premium is based on the number of bedroom for each individual premise.</p> <p>Although the Council is a member of the Insurance London Consortium (ILC) group purchasing consortium, this policy is being procured by the Council as a sole purchaser. The ILC contract has failed to delivered financial benefits for the Council. Tenders for the provision of the leasehold building insurance will be requested through the Official Journal of the European Union (OJEU), as well as being advertised on the Councils website.</p>	2+1years	Insurance Fund	29/09/2014	November 2014	Included as part of Tender

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R4800	Approx. £475,603	<p><b><u>Procurement of Insurance policies (Motor Vehicle, Engineering, Commercial Property and School Journey Insurance)</u></b></p> <p>The current policy is due to expire on 31 March 2015. Procurement of Motor Vehicle (insurance cover for all Council vehicles operated via the Transport Section), Engineering, Commercial Property and School Journey Insurance fund. Covering various aspects of motor, travel and commercial property insurance.</p> <p>Although the Council is a member of the Insurance London Consortium (ILC) group purchasing consortium, this policy is being procured by the Council as a sole purchaser. The current policy had previously been procured by ILC as 5-year contract commencing 1 April 2013 and the Council subscribed to it under an amended term of 2 years. A Full OJEU Restricted Tender. The contract will be divided into 4 different lots: Lot A: Motor Vehicle; Lot B: Engineering; Lot C: Commercial Property; Lot D: School Journey Insurance</p>	2+1years	Insurance Fund	29/09/2014	November 2014	Included as part of the Tender
LPG4801	Approx. £450,000 - £500,000	<p><b><u>Translation, Transcription &amp; Interpretation</u></b></p> <p>This procurement is for the provision of transcription, interpretation and translation services. Tower Hamlets is one of the most linguistically diverse areas in England, with 90 different languages currently in use. With approximately 7000 interpretations and translations performed by external suppliers in the previous year the new provider will need to have the capacity to meet the diverse demands of the borough and match current levels of activity.</p> <p>The specification will also incorporate transcription service requirement to support the need of the council and residents to transcribe audio recordings which are mainly used for evidential purposes by London Borough of Tower Hamlets to support proceedings. Procurement will prioritise local businesses and include appropriate weighting to reflect suppliers understanding and knowledge of local communities and hard to reach groups.</p>	2+1years	General Fund	29/09/2014	December 2014	Included as part of the tender

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R4841	Approx. £1m approx.	<p><b>Business Rates Retention - Rating Specialists</b></p> <p>The Local Government Finance Act 2012 introduced a number of major changes to local government funding that became effective on 1<sup>st</sup> April 2013. One of the most significant changes is the possibility for Councils to retain some of the additional business rates it collects; there is also a possibility that a Council may suffer a budget deficit should it not collect all of the rates that fall due.</p> <p>The act also places a new statutory requirement on all billing authorities to calculate how much business rate income each authority is likely to receive in the coming year. This forecast has to be submitted to the DCLG each January prior to each financial year and continue to be monitored during the relevant financial year.</p> <p>In an attempt to assist with forecasting, in November 2012, the Valuation Office Agency released information to Councils about all outstanding proposals they have received in respect of the 2005 and 2010 rating lists for assessments in their area. Tower Hamlets received data on a large number of potential appeals that had to be evaluated and collection estimates adjusted accordingly and reported in the NNDR1 and NNDR3 returns. The first year's analysis is complete and the council is now looking to appoint a supplier of this analytical service for the next 3 years.</p> <p>The Act also encourages Councils to maximise business rates collection by incentivising it through a retention scheme that, in simple terms enables London Boroughs to retain 30% of additional rate income above the baseline assessment each year to 2020. Maximisation can be achieved by encouraging new growth in the Borough and by ensuring that the existing local rating list is accurate and reflects the correct values of existing commercial property in the Borough.</p> <p>The aim of this contract is also to help achieve growth in the Rate base and provide Increased Income to the Council to help maintain services and minimise any reductions in budgets.</p>	3 years (1 + 1 + 1)	-	29/09/2014	December 2014	N/A
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DR4779	Income	<p><b>Public Space Wi-Fi</b>  The project will procure a service concession contract to allow for the design, implementation, and operation of a high capacity mobile network and an innovative next generation wireless network in streets and open spaces in the borough. It is expected that the service will be provided utilising networking equipment which will be located at/attached to specified assets owned by the Council, primarily street furniture capable of enabling a core wireless network within the borders of the borough.</p> <p>The project responds to one of the recommendations of the Tower Hamlets Fairness Commission, that "Tower Hamlets becomes an online borough, with access to free Wi-Fi everywhere." The Commission's report argued that "achieving digital inclusion in Tower Hamlets is an essential element in creating a fairer environment in terms of both money and jobs. Access to the internet should be regarded in similar terms as access to water, electricity and gas – a fundamental utility that households should not be without. Tower Hamlets will not effectively tackle the poverty premium nor maximise access to job opportunities without reducing the number of people who can't access the internet. There is good evidence from cities such as Liverpool that a locally led digital inclusion strategy can have a significant impact at relatively low cost."</p> <p>The creation of Wi-Fi zones in line with the Fairness Commission's recommendations was also a pledge in the manifesto of the recently re-elected Mayor of Tower Hamlets.</p> <p>The approach to procuring this service follows the model established by LB Camden in a collaborative procurement through which 12 authorities in London and elsewhere appointed Wi-Fi network providers. The income generated through the concession will be ring-fenced to support the delivery of other initiatives to promote digital inclusion within the borough, as well as meeting any costs arising from the implementation of the project and the management of the contract.</p>	10 years	Income	29/09/2014	November 2014	N/A
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		The contract will deliver a public Wi-Fi network in key locations in the borough. The income generated by the contract will support the delivery of initiatives to promote digital inclusion, such as skills training and access to equipment.						
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