


Cabinet 4 March 2015	 TOWER HAMLETS
Report of: Chris Holme – Acting Corporate Director Resources	Classification: Unrestricted
Contracts Forward Plan – Q4 (2014-2015)	

Lead Member	Cllr Alibor Choudhury, Cabinet Member for Resources
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 Q4 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 Q4 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 Q4 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 Q4 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 Q4 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 £46.2m of goods, services and works will be procured from external suppliers. Procured services comprise around 40% of the Council's annual expenditure and control of procurement processes is thus crucial to delivering value for money for local residents as well as managing the risks that may arise if procurement procedures go wrong. Consideration of the plan by Cabinet operates as an internal control and also provides the opportunity for the Mayor to comment on specific procurements at an early stage.

6. 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 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 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.

Linked Reports, Appendices and Background Documents

Linked Report

- None.

Appendices

- Appendix 1 – new contracts planned: Q4 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 Q4 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(AHW B&CSF)4781	£45m	<p><u>Domiciliary and Personal Care and Support</u></p> <p>C1.1million hours per annum of commissioned domiciliary care per annum (including care at home provided to give informal carers a short break); c15,000 hours per annum of commissioned care for disabled children;</p> <p>In addition, a strategic review will be undertaken with Tower Hamlets Clinical Commissioning Group to ascertain whether there are community health services that it may also be appropriate to procure as part of this tender in furtherance of the integration work being undertaken locally.</p> <p>The Supporting People Generic Floating Support service (current contract expires 31.03.2016 and delivers an annual volume of c44,000 support hours per annum) will also be covered by the strategic review in order to determine whether this service could be incorporated into the wider commissioning arrangements for domiciliary and personal care and support.</p> <p>To be confirmed following completion of the review referred to above, but likely to be a multi-lot Framework Agreement. The review will include exploration of alternative contracting approaches including Prime Contractor models.</p> <p>Domiciliary and personal care is a workforce intensive activity, and key community benefits are likely to relate to local employment and training. The strategic review referred to above will explore</p>	3 years (2+1)	General Fund	16/12/2014	Feb 2015	Included as part of the Tender

		<p>what workforce is required for the future and how this can best be secured in a way that maximises opportunities for local residents to be recruited, and within a structure that offers career development opportunities. In this context we will explore different ways in which learning and development opportunities could be delivered to the workforce to allow for increased opportunities (both volume and level of training provided) an increased value for money.</p> <p>Attendance at local careers events will be required, as will work experience placements (number and structure of placements to be determined in context of contracting approach).</p>					
DR4413	£450,000	<p><u>Catering and Hospitality</u> The tender will cover 2 services namely: the catering service for Mulberry place and the hospitality and function catering. The contract will enable the Council to introduce a range of ethnic food as well as options on healthy eating options. Lot 1 will include the in-house catering (business cafe and hospitality beverages only) Lot 2 will be a food hospitality framework.</p> <p>The proposed contract would be for 3 years with no option to extend as this aligns with the proposed move of the Town Hall to the new Civic Centre in 2018.</p> <p>A standard EU tendering procedure will be followed. Supplier briefing will be held to help suppliers, especially local SMEs, the expectations for the outcome of the tender and the tendering process.</p> <p>The community benefits will arise as a result of this contract (s) targeting local suppliers providing catering across the borough.</p>	3 years (2+1)	General Fund	16/12/2014	Feb 2015	Included as part of the Tender

DR4864	£585,000	<p><u>Day Service for Rough Sleepers</u></p> <p>The service provider will work in close partnership with outreach teams, NHS, DIP, DAAT, Probation, DWP, CMHTs and hostels to provide an integrated service and ensure clients are able to access appropriate support service.</p> <p>The successful contractor will implement all relevant pan London and local rough sleeping policies and protocols that aim to reduce rough sleeping in LBTH and the City of London. The provider will deliver the services from its own premises and will work strategically and operationally with the local outreach teams to reduce the number people sleeping rough in Tower Hamlets to as close to zero as possible.</p> <p>The benefits to the community of providing a day centre for rough sleepers are:</p> <ul style="list-style-type: none"> • Provision of assistance for local people who have become homeless for various reasons including relationship breakdown, ejection from the family home, release from prison, drug and alcohol abuse. • A recovery and progression service for rough sleepers and vulnerability housed individuals including: medical and dental surgeries, specialist mental health and substance misuse support, a rapid prescribing service, health and well-being sessions. Tower Hamlets hostel residents are offered a fast track into these services. • Education and employment advice and referrals. • A reduction in the number of rough sleepers in Tower Hamlets and the associated ASB 	3 years (2+1)	DCLG Grant	16/12/2014	TBC	Included as part of the Tender
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DR4808	£240- £250,000	<p><u>Action for New Enterprise (ANE)</u> <u>Scope of Contract</u></p> <p>In May 2012, London Borough of Tower Hamlets adopted the Tower Hamlets Enterprise Strategy which sets out how the Council and its partners can encourage and support enterprise and entrepreneurial activity to increase opportunity, prosperity and mobility in Tower Hamlets.</p> <p>To support this strategy, we are looking to deliver a three year contract “Action for New Enterprise”. The objective of this contract is to encourage and train residents and organisations in Tower Hamlets to create and develop entrepreneurial businesses with a particular emphasis on supporting third sector organisations.</p> <p>Owing to a successful bid under the New Homes Bonus scheme and through S106 revenue we have secured funding to deliver this project based on Entrepreneurship.</p> <p>The contracting approach will be through an open tender via the London tenders portal, taking into account all council obligations in relation to procurement procedures. Each tendering organisation will tender separately in line with pre-determined specification criteria.</p> <p>The procurement will ensure that a range of community benefits are included as part of the tender process.</p>	3 years (2+1)	New Homes Bonus &S106	16/12/2014	TBC	Included as part of the Tender
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