

<b>Cabinet</b> 25 July 2017	 <b>TOWER HAMLETS</b>
<b>Report of:</b> Zena Cooke – Corporate Director Resources	<b>Classification:</b> Unrestricted
<b>Contracts Forward Plan – Quarter Two (FY2017-2018)</b>	

<b>Lead Member</b>	Cabinet Member for Resources, Councillor David Edgar
<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

## 1. EXECUTIVE SUMMARY

- 1.1. 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 £250K 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 the information in quarter two of the current Financial Year.
- 1.2. Only contracts which have not previously been reported are included in this report.

## 2. DECISION REQUIRED:

### **Cabinet is recommended to:**

- 2.1. 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
- 2.2. Confirm which of the remaining contracts set out in Appendix 1 can proceed to contract award after tender
- 2.3. Authorise the Divisional Director - Legal Services to execute all necessary contract documents in respect of the awards of contracts referred to at recommendation 2.2 above
- 2.4. Review the procurement forward plan 2017-2022 schedule detailed in Appendix 2 and identify any contracts about which further detail is required in advance of the quarterly forward plan reporting cycle

### **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 £250K, and any contract for capital works with an estimated value exceeding £5m 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 quarter two of the current 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. 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.
- 5.2. 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.
- 5.3. 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.
- 5.4. This report provides the forward plan for quarter two of the current 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.
- 5.5. Additionally, the report also includes a Procurement Forward Plan 2017-2022 to provide Mayor and Cabinet members with high level visibility of our planned procurement activity and the opportunity to be engaged in advance of the procurement cycle.

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

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

- 6.2. 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.
- 6.3. 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.
- 6.4. 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.
- 6.5. 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 £250K, for revenue contracts, and £5m, for capital works contracts which have not gone through the Asset Management Board approval system). All Tollgate reviews are presented to Competition 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 quarter two of the Financial Year and beyond, to be presented to Cabinet for revenue contracts over £250K, in value and capital contracts over £5m.
- 7.2. Approximately £2.1m 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 tax payers 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.
- 7.3. Appendix 1 details three contracts that will be out to tender in quarter two of 2017/18. The annual value of these contracts is approximately £1.6m and the cost of these will be met from existing budgets.

## **8. LEGAL COMMENTS**

- 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 for revenue contracts and £5m for capital works contracts.

- 8.2. 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 plans of proposed contracts that exceed specified thresholds. The arrangements are consistent with the proper administration of the Council's financial affairs.
- 8.3. 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. This is in accordance with the Council's 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 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.
- 8.4. 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.

## **9. BEST VALUE (BV) IMPLICATIONS**

- 9.1. 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 annually some £350m of supplies and services 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.
- 9.2. Contracts listed in Appendix One are all subject to the Council's Tollgate process which involves a detailed assessment by Competition Planning Forum and Competition Board of the procurement strategy to ensure compliance with existing policies, procedures and best value duties prior to publication of the contract notice.

## **10. ONE TOWER HAMLETS CONSIDERATIONS**

- 10.1. 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 Corporate Procurement Service ensures a joined-up approach to council's procurement activities.

**11. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT**

- 11.1. Contracts are required to address sustainability issues in their planning, letting and management. This is assured through the Tollgate process, and supported through the Corporate Social Responsibility work stream.

**12. RISK MANAGEMENT IMPLICATIONS**

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

**13. CRIME AND DISORDER REDUCTION IMPLICATIONS**

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

**14. EFFICIENCY STATEMENT**

- 14.1. 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.

**15. APPENDICES**

Appendix 1 – new contracts planned: Q2 of the Financial Year and beyond.

Appendix 2 - Procurement Forward Plan 2017 -2022

## Appendix one – new contracts planned: Q2 of the Financial Year 17-18

Contract Ref & Title	<b>AHS5016 - Day Opportunities for Older People</b>		
Procurement Category:	Health and Social Care	Funding:	General Fund
Invitation to Tender <input checked="" type="checkbox"/> Contract Signature <input type="checkbox"/>	07/08/2017	Contract Duration and Extensions:	3 years plus 1+1 year
Value P/A:	£800,323	Value Total:	£4,801,938
Reviewed by Competition Board <input type="checkbox"/>	04/07/2017	<input checked="" type="checkbox"/> London Living Wage <input type="checkbox"/> New Procurement <input type="checkbox"/> Collaboration <input checked="" type="checkbox"/> Re-procurement of existing Contract	

### **Scope of Contract**

Following a review of a range of current services known as day opportunities provision for Tower Hamlets residents aged 65+, a commissioning approach is proposed that will make a significant contribution to the Ageing Well Strategy approved by Cabinet on 2 May 2017. The services in scope for this procurement are services which the Council has a duty or power to provide under the Care Act 2014 and associated legislation.

### **Contracting Approach**

In order to meet the needs and aspirations of residents aged 65 and over, a more flexible and less premises based solution is sought. The aim is to tender for a strategic partner as a lead partner/prime provider of a consortium of providers who would initially maintain the existing services for a period of up to two years. The commissioning approach includes working with the successful strategic partner (and with older people themselves) to design and develop a new service model of 'day opportunities' provisions that would provide more flexible and locally focused services and closer links to other commissioned services and related universal community support provisions.

An essential element of designing the new service delivery model would be the focus on co-production involving the existing service providers, service users and their Carers alongside the successful strategic partner and the Council. The successful strategic partner delivering the new model would need to demonstrate the capacity and capability to maintain existing services in the short term and approach the development of the new model in a way that places co-design and co-production at the heart of the approach. Additionally, options for incentivizing over-achievement of savings targets will be built in. The co-production and design element and the development of the new service model would benefit from a longer contract period of at least six years to embed and deliver the new service model.

### **Community Benefits**

Community benefits would include volunteering work placements and support for apprenticeships for local young people as well as those of 50 and over, supply chains that support businesses in Tower Hamlets or East London, attending and exhibiting at local job fairs, working alongside the Council's Employment Support Services to achieve local labour targets.

Contract Ref & Title	<b>PL5242 - Resource Centre for Rough Sleepers</b>		
Procurement Category:	Health and Social Care	Funding:	DCLG grant
Invitation to Tender <input type="checkbox"/> Contract Signature <input type="checkbox"/>	07/08/2017	Contract Duration and Extensions:	3 years
Value P/A:	£195,000	Value Total:	£585,000
Reviewed by Competition Board <input type="checkbox"/>	04/07/2017	<input checked="" type="checkbox"/> London Living Wage <input type="checkbox"/> New Procurement <input type="checkbox"/> Collaboration <input checked="" type="checkbox"/> Re-procurement of existing Contract	

### **Scope of Contract**

The service provider will work in close partnership with outreach teams Housing Option Singles Team (HOST) NHS, Drug Intervention Programme (DIP), Drug and Alcohol Team (DAAT), Probation, DWP, CMHTs and hostels to provide an integrated service and ensure clients are able to access appropriate support services. The successful contractor will implement all relevant pan London and local rough sleeping policies and protocols that aim to reduce rough sleeping in the borough 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.

### **Contracting Approach**

The last procurement of this service resulted in only one bidder, the current incumbent. There is one other possible bidder (albeit they did not bid in the last round). In light of this, it is proposed that the service is advertised through the procurement portal. The current contract expires at the end of September 2017 with an option to extend for another year. Monitoring has not flagged any concerns to date and providing this continues the contract will be extended a further six months until end March 2018. The project manager will work closely with the procurement manager with the aim of awarding a contract with no disruption to service delivery to rough sleepers.

### **Community Benefits**

The benefits to the community of providing a day centre for rough sleepers are:

- 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 anti-social behaviour ASB
- Partnership working with reconnection services to ensure rough sleepers from other areas are returned to supported services thus reducing the overuse of local services by those with no connection to Tower Hamlets.

Contract Ref & Title	<b>PL5244 – Vehicle Fleet Procurement</b>		
Procurement Category:	Corporate Services	Funding:	Revenue Budget
Invitation to Tender <input checked="" type="checkbox"/> Contract Signature <input type="checkbox"/>	01/08/2017	Contract Duration and Extensions:	4 years
Value P/A:	£625,000.00	Value Total:	£2,500,000.00
Reviewed by Competition Board <input checked="" type="checkbox"/>	04/07/2017	<input type="checkbox"/> London Living Wage <input checked="" type="checkbox"/> New Procurement <input type="checkbox"/> Collaboration <input type="checkbox"/> Re-procurement of existing Contract	

#### **Scope of Contract**

To allow the procurement of new vehicles by the Fleet management Section in accordance with the requirements of the Council's fleet users. This enables the continued reliable delivery of the Council's mobile services, many of which are considered essential. The existing fleet is in need of urgent renewal and must be replaced to meet the new Ultra Low Emission Zone, scheduled for introduction by the Mayor of London during 2019. This procurement will be for around 160 vehicles including cars, vans, trucks and passenger carrying vehicles.

#### **Contracting Approach**

Vehicles will be sourced via the best available terms utilising the most appropriate public sector frameworks and procurement consortia available to the Council. Financing options will include leasing, contract hire with maintenance or outright purchase.

#### **Community Benefits**

The Council's passenger carrying fleet may be regarded as old and life expired. New vehicles will offer passengers better standards of comfort (seating and interior ambience) and ease of access. New vehicles will be quieter as well.

The Council's present fleet does not meet the latest standards for exhaust emissions and the hence the new fleet will significantly reduce the level of toxic emissions providing some health benefits to local residents.

Contract Ref & Title	<b>PL5245 - Purchase of two refuse collection vehicles for underground refuse service</b>		
Procurement Category:	Corporate Services	Funding:	Capital
Invitation to Tender <input checked="" type="checkbox"/> Contract Signature <input type="checkbox"/>	10/07/2017	Contract Duration and Extensions:	N/A
Value P/A:	N/A	Value Total:	£500,0000
Reviewed by Competition Board <input type="checkbox"/>	04/07/2017	<input type="checkbox"/> London Living Wage <input checked="" type="checkbox"/> New Procurement <input type="checkbox"/> Collaboration <input type="checkbox"/> Re-procurement of existing Contract	

**Scope of Contract**

The outright purchase of two specialist refuse collection vehicles to support the provision of the underground refuse collection service.

**Contracting Approach**

It is proposed to source the vehicles using either an appropriate contract framework available to the Council or by undertaking a compliant tender in accordance with the EU procurement procedures. Braintree Council, ESPO and YPO frameworks have already been identified as offering specialist municipal vehicle purchase and these frameworks will be assessed to determine their potential for ensuring a competitive route to market. If it is determined that there are insufficient numbers of suppliers on the frameworks and this could have a negative effect on competition, an invitation to tender exercise will be undertaken in accordance with EU procurement procedures. Evaluation criteria will be based on meeting the vehicle specification and it is planning to weight the evaluation criteria 60% for quality and 40% for price.

**Community Benefits**

There are no direct community benefits to be derived from this contract, however wider benefits related to the environment and resident's expectations of council services will be met with the introduction of these vehicles.