


Cabinet 26 June 2019	 TOWER HAMLETS
Report of: Neville Murton – Corporate Director, Resources	Classification: Unrestricted
Contracts Forward Plan – Quarter One (FY2019-2020)	

Lead Member	Councillor Candida Ronald, Cabinet Member for Resources & the Voluntary Sector
Originating Officer(s)	Zamil Ahmed – Head of Procurement
Wards affected	All wards
Key Decision?	Yes
Forward Plan Notice Published	27 March 2019
Reason for Key Decision	Significant Financial Expenditure and Significant Impact on two or more wards
Community Plan Theme	A fair and prosperous community

EXECUTIVE SUMMARY

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 one of the current Financial Year. Only contracts which have not previously been reported are included in this report.

Recommendations:

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
2. Confirm that the remaining contracts set out in Appendix 1 can proceed to contract award after tender

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
4. Review the procurement forward plan 2019-2022 schedule detailed in Appendix 2 and identify any contracts about which further detail is required in advance of the quarterly forward plan reporting cycle

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 £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 one of the current 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. DETAILS OF THE REPORT

- 3.1 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.
- 3.2 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.
- 3.3 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.

- 3.4 This report provides the forward plan for quarter one 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.
- 3.5 Additionally, the report also includes a Procurement Forward Plan 2019-2022 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.
- 3.6 Appendix 1 details the new contracts which are planned during the period Q1 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.
- 3.7 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.
- 3.8 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.
- 3.9 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 Strategic Procurement Board and Corporate Procurement Service ensures a joined-up approach to procurement.
- 3.10 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 Strategic Procurement Board; contracts require approval of the Board before proceeding.

4. EQUALITIES IMPLICATIONS

- 4.1 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 Strategic Procurement Board and Corporate Procurement Service ensures a joined-up approach to council’s procurement activities.

5. OTHER STATUTORY IMPLICATIONS

5.1 This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:

- Best Value Implications,
- Consultations,
- Environmental (including air quality),
- Risk Management,
- Crime Reduction,
- Safeguarding,

Best Value Implications

5.2 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.

5.3 Contracts listed in Appendix 1 are all subject to the Council's Tollgate process which involves a detailed assessment by Procurement Review Panel and Strategic Procurement Board of the procurement strategy to ensure compliance with existing policies, procedures and best value duties prior to publication of the contract notice

Sustainable Action for Greener Environment

5.4 Contracts are required to address sustainability issues in their planning, letting and management. This is assured through the Tollgate process.

Risk Management

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

Efficiency Statement

5.6 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.

6. COMMENTS OF THE CHIEF FINANCE OFFICER

6.1 This is a quarterly update report on the Council's contract forward plan for 2019-20 which details the list of contracts that are due for renewal in the next 3-6 months (Appendix 1).

6.2 There are 9 specific contracts detailed in Appendix 1 with a cumulative annual value of £29.6 m approx. and total contract value of £73m. The cost of these contracts will be met through existing Capital and General Fund resources.

7. COMMENTS OF LEGAL SERVICES

7.1 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.

7.2 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.

7.3 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. 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.

7.4 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

Linked Reports, Appendices and Background Documents

Linked Report

- None

Appendices

- Appendix 1 – New contracts planned: Q1 of the Financial Year and beyond.
- Appendix 2 - Procurement Forward Plan 2019 -2022

Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012

- NONE

Officer contact details for documents:

- N/A

Appendix one – New contracts planned: Q1 of the Financial Year 2019-20

Contract Ref & Title	P5562 Construction of London Dock Secondary School		
Procurement Category:	Construction & FM	Funding:	Capital Resources
Invitation to Tender <input checked="" type="checkbox"/> Contract Signature <input type="checkbox"/>	June 2019	Contract Duration and Extensions:	Est 2 years
Value P/A:	n/a	Value Total:	Est £52million
Reviewed by Competition Board <input checked="" type="checkbox"/>	03/06/2019	<input checked="" 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

There is a requirement to procure the main construction contract for the provision of a new secondary school at London Dock. Following earlier appointments of the architectural design team, employers agent and other technical services the scheme design and specifications have been progressed to the stage where procurement of the main build contract can now be undertaken.

Contracting Approach

Following advice from the council's technical advisers and a review of the current market, this procurement will be undertaken through an OJEU compliant framework, such as the LHC Framework for Schools and Community Buildings. A mini-competition will be issued, open to all the framework suppliers, based on the council's design, specification and employers requirements. The contract terms will be based upon the relevant JCT standard form of construction contract with council amendments drafted by legal services.

Community Benefits

The procurement will seek community benefits from the build contractor through a requirement for them to submit a social value proposal. Benefits will include apprenticeships, work experience placements, promoting job fairs and offering graduate placements and / or administrative job opportunities. Bidders will be asked to demonstrate how their approach to community benefits and social value will support the council's aspirations. Payment of the London Living Wage will be a minimum requirement set out in the terms of the contract.

Contract Ref & Title	P5489 Schools Cycle Training with Interventions to Encourage Cycling		
Procurement Category:	Corporate Services	Funding:	External (primarily TfL)
Invitation to Tender <input checked="" type="checkbox"/> Contract Signature <input type="checkbox"/>	Enter Date	Contract Duration and Extensions:	3 years +1+1
Value P/A:	£200,000 (maximum)	Value Total:	£1,000,000 (maximum)
Reviewed by Competition Board <input checked="" type="checkbox"/>	03/06/2019	<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

To continue to deliver a first class cycle training programme to schools in Tower Hamlets resulting in increased levels of safe cycling to school and to support Lifetime Cycling.

- To deliver cycle training to 2,000 pupils per year

- Develop and implement complementary interventions to ensure take up of training remains high and supports increased levels of cycling amongst participants. This may include (but not limited to) measures such as provision of cycles to training sessions and schools, inviting parents to attend training and establishing cycle clubs in schools.

Contracting Approach

We are seeking to procure via an open market competitive tender. This is the most appropriate route as:

- There is a limited market available to provide the services required with the Council aware of three firms operating in the London market at present (including the incumbent).
- There are also no frameworks available for the Council to consider and the opportunity to join up with other London boroughs is constrained by the need to design the contract specification to reflect Tower Hamlets' circumstances.

Community Benefits

- Maximise the role of cycling to help reduce traffic congestion and dominance of cars, reduce air pollution from transport sources across the borough and locally outside schools.
- Improve health by increasing levels of physical activity
- Recruit borough residents to hold training sessions.

Contract Ref & Title	P5521 Materials Sorting Facility (MRF) Service		
Procurement Category:	Corporate Services	Funding:	General Fund
Invitation to Tender <input checked="" type="checkbox"/> Contract Signature <input type="checkbox"/>	08/07/2019	Contract Duration and Extensions:	3 years with the option to extend by up to a further 3 years (6 years in total)
Value P/A:	£1,059,000 (gross)	Value Total:	£7.96M
Reviewed by Competition Board <input checked="" type="checkbox"/>	03/06/2019	<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

This project is for the re-procurement of the Materials Sorting Facility (MRF) Service contract as the current MRF contract will come to an end on 31st March 2020. Historically the Council has procured short term MRF contracts (2+1 years) but is now looking to enter into a longer contract in order to provide cost and operational certainty for a longer period as the waste and recycling collection services will be delivered in-house from April 2020.

The Council has a statutory obligation to collect recyclable waste and at present discharges this obligation through the collection of fully comingled dry recyclable material from households and business premises in the borough. To facilitate the separation of the different materials and onward sale and subsequent reprocessing of the recyclable materials the Council contracts with an established Materials Recovery Facility (MRF) operator to separate and market the recyclable materials for reprocessing into new products.

The cost of this contract is rate based. The annual cost of the contract is therefore anticipated to increase year on year as the quantity of dry recyclable material delivered to the MRF increases.

In 2018/19 the Council collected approx. 12,542 tonnes of dry recyclable material. The annual tonnage is expected to increase during the life of the contract as the number of households is anticipated to grow and the

Council implements initiatives to increase the household recycling rate from approx. 24% to 35% by 2022 and looks to increase the amount of business waste that is recycled. The Annual Value stated is the anticipated first year cost, allowing for a level of growth and the estimated total value takes account of anticipated population growth, increased recycling performance and allowance for variation after 3 years due to changes in waste legislation (in accordance with Regulation 72 variation levels).

The new contract will include the requirement for London Living Wage to be paid to those individuals engaged on the delivery of the services within the contract, as stipulated in the current MRF contract.

Contracting Approach

The contract will be procured through an Open tender process.

Community Benefits

A requirement of this contract will be for the supplier to support the Council in its education and communication activities for recycling services. Beyond this, the contract will be seeking to secure a level of community benefits that are commensurate with the type of contract. The Social Value matrix will look to include benefit items that support local employment and work experience opportunities as well as benefits that will support the local supply chain and capacity building for local community groups.

Contract Ref & Title	CS5487 Translation, Translation, Transcription and Interpreting Service		
Procurement Category:	Care & Commissioning	Funding:	Children's Services
Invitation to Tender <input checked="" type="checkbox"/> Contract Signature <input type="checkbox"/>	2019	Contract Duration and Extensions:	24 months + 12 months
Value P/A:	£150,000	Value Total:	Up to £450,000
Reviewed by Competition Board <input checked="" type="checkbox"/>	03/06/2019	<input 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 corporate contract will deliver Translation, Transcription and Interpreting Services across Tower Hamlets Council departments. These services will aid departments in completing a broad spectrum of work with a vibrant and diverse population in Tower Hamlets where many languages are spoken, and where these services are required to ensure speedy and effective services across the organisation.

The procurement is split over 3 Lots as outlined below:

Lot 1: Translation Services

This will relate to the translation of written documents such as booklets, emails, and letters from one language into their complete and accurate meaning in another language.

Lot 2: Interpretation Services

This will relate to the act of oral translation for parties conversing in different languages. This translation takes place verbally and through many different methods including face to face, telephone, and video interpretation.

This lot also includes British Sign Language interpretation.

Lot 3: Transcription Services

This will relate to the conversion of spoken words into printed/written versions.

Contracting Approach

The proposal is to conclude an open tender procedure. This will ensure a fair and transparent competitive process in compliance with LBTH Procurement Procedures and the Public Contract Regulation 2015 (EU “Light Touch” regime for Schedule 3 services).

At this stage there are 2 routes for external procurement, one being to tender the Lots as cited above and for there to be between 1 and 3 successful providers, or alternatively for Tower Hamlets to access a framework with multiple providers per Lot.

The final decision will be based on recommendations from the Strategy, Policy and performance as per the direction from the Strategic Procurement Board (23/04/2019)

Contract Ref & Title	P5403 Tower Hamlets Property Furnishing		
Procurement Category:	Corporate Services (goods and services)	Funding:	Council Resources
Invitation to Tender <input checked="" type="checkbox"/> Contract Signature <input type="checkbox"/>	01/07/2019	Contract Duration and Extensions:	4 years
Value P/A:	200,000.00	Value Total:	£800,000
Reviewed by Competition Board <input checked="" type="checkbox"/>	03/06/2019	<input checked="" type="checkbox"/> London Living Wage <input checked="" type="checkbox"/> New Procurement <input type="checkbox"/> Collaboration <input checked="" type="checkbox"/> Re-procurement of existing Contract	

Scope of Contract

The contract will enable the Council to furnish residential properties with essential items offered to residents through the Housing Options Service. The successful supplier will supply, fit and maintain the property with everyday goods such as furniture, carpet and vinyl coverings and supply white goods inclusive of manufacturer’s warranty or warranty offered by the supplier. It is essential for the supplier to carry out annual PAT testing, provide general cleaning and maintenance for the white goods supplied. The successful supplier will remove and replace carpet/vinyl floor covering as and when required.

Key collection and drop-off service is required.

Contracting Approach

The market is limited and we do not expect there to be vast interest from the market therefore the intention is to go out to tender using an Open Procurement Process. The tender opportunity will be advertised on OJEU Journal, Contracts Finder, Council’s website and the Council’s e-tendering portal (Due North).

Suppliers will be informed of our minimum requirements in terms of what is supplied, how it is supplied and how it is maintained. The properties to be furnished are inside and outside of Tower Hamlets therefore the supplier would need to accommodate this, taking into account the timelines set to furnish the property as delays would incur a higher void cost to the Council.

Community Benefits

The tender will be issued with the Community Benefits schedule and aim to achieve benefits for the community for the duration of the contract.

Contract Ref & Title	HAC5564 VAWG Services		
Procurement Category:	Services	Funding:	Council
Invitation to Tender <input checked="" type="checkbox"/> Contract Signature <input type="checkbox"/>	August 2019	Contract Duration and Extensions:	4 years
Value P/A:	£2,000,000	Value Total:	£8,000,000
Reviewed by Competition Board <input checked="" type="checkbox"/>	03/06/2019	<input type="checkbox"/> London Living Wage <input checked="" type="checkbox"/> New Procurement <input checked="" type="checkbox"/> Collaboration <input type="checkbox"/> Re-procurement of existing Contract	

Scope of Contract

The Council's Strategic Plan 2018/19 committed to the outcome of making 'people feel safer in their neighbourhoods and anti-social behaviour is tackled'. The VAWG Strategy for 2019-24 has been published and within the Strategy we committed to review our current service model for victims of VAWG.

This service will offer emotional and practical support to victims of VAWG living in LBTH to help them feel safer and enhance their wellbeing.

The contract will last the length of the Strategy so that the new service has time to be implemented and integrate into the community. Four years provides stability for the service and victims who will utilise the service. It also enables us to measure outcomes over a period of time and allow the service to adapt to meet the needs of the community.

VAWG specialist organisations will be encouraged to apply as individuals or as a collaboration of VAWG specialists.

Contracting Approach

The proposal is to conclude an open tender procedure. This will ensure a fair and transparent competitive process in compliance with LBTH Procurement Procedures and the Public Contract Regulation 2015 (EU "Light Touch" regime for Schedule 3 services).

Community Benefits

Community benefits commensurate with the value will be sought from providers and scored in the evaluation

Contract Ref & Title	P5481 - Modular Building at Blackwall Depot		
Procurement Category:	Construction & FM	Funding:	Capital Resources
Invitation to Tender <input type="checkbox"/> Contract Signature <input checked="" type="checkbox"/>	July 2019	Contract Duration and Extensions:	4 months
Value P/A:	n/a	Value Total:	£655k
Reviewed by Competition Board <input type="checkbox"/>	03/06/2019	<input checked="" 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

As part of the council's review of Blackwall Depot, there is a requirement to procure a construction contract for the design, supply, installation and commissioning of a modular building to provide office accommodation and associated facilities at the Blackwall Depot.

Contracting Approach

This procurement is through an OJEU compliant framework, specifically the NHS Modular Buildings Framework. A mini-competition will be issued, open to all the framework suppliers, based on the council's design, specification and technical requirements. The contract terms will be the JCT 2016 Design & Build Contract with council amendments drafted by legal services.

Community Benefits

The procurement will seek community benefits from the supplier through a requirement for them to submit a social value proposal. Bidders will be asked to demonstrate how their approach to community benefits and social value will support the council's aspirations. Payment of the London Living Wage will be a minimum requirement set out in the terms of the contract.

Contract Ref & Title	P5488 – Clichy Estate Design Vision Architectural Services		
Procurement Category:	Construction & FM	Funding:	Capital Resources
Invitation to Tender <input type="checkbox"/> Contract Signature <input checked="" type="checkbox"/>	July 2019	Contract Duration and Extensions:	12 months
Value P/A:	n/a	Value Total:	£600k
Reviewed by Competition Board <input type="checkbox"/>	03/06/2019	<input checked="" 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

As part of the Mayor's Housing Priority, there is a requirement to procure Architectural Design and associated services for the Clichy Estate Regeneration.

Contracting Approach

This procurement is through an OJEU compliant framework, specifically the Bloom Professional Services Framework. A mini-competition will be issued in accordance with the framework rules, based on the council's requirements. The contract terms are those already agreed between the Council and Bloom.

Community Benefits

The procurement does not include for specific community benefits from the supplier as community benefits for the whole project will be delivered through the main building contract.

Contract Ref & Title	CS5370 - Beatrice Tate Modular Classrooms		
Procurement Category:	Construction & FM	Funding:	Capital Resources
Invitation to Tender <input type="checkbox"/> Contract Signature <input checked="" type="checkbox"/>	July 2019	Contract Duration and Extensions:	4 months
Value P/A:	n/a	Value Total:	£850k
Reviewed by Competition Board <input type="checkbox"/>	03/06/2019	<input checked="" 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

As part of the council's need to provide additional pupil places, there is a requirement to procure a construction contract for the design, supply, installation and commissioning of a modular building to provide additional classrooms and associated facilities at Beatrice Tate School.

Contracting Approach

This procurement is through an OJEU compliant framework, specifically the NHS Modular Buildings Framework. A mini-competition will be issued, open to all the framework suppliers, based on the council's design, specification and technical requirements. The contract terms will be the JCT 2016 Design & Build Contract with council amendments drafted by legal services.

Community Benefits

The procurement will seek community benefits from the supplier through a requirement for them to submit a social value proposal. Bidders will be asked to demonstrate how their approach to community benefits and social value will support the council's aspirations. Payment of the London Living Wage will be a minimum requirement set out in the terms of the contract.