


Cabinet 24 March 2021	 TOWER HAMLETS
Report of Kevin Bartle – Acting Corporate Director, Resources	Classification: Unrestricted
Contracts Forward Plan – Quarter Four (FY2020-2021)	

Lead Member	Councillor Candida Ronald, Lead Member for Resources and the Voluntary Sector
Originating Officer(s)	Zamil Ahmed – Head of Procurement
Wards affected	All wards
Key Decision?	Yes
Forward Plan Notice Published	26 October 2020
Reason for Key Decision	Significant Financial Expenditure and Significant Impact on two or more wards
Strategic Plan Priority / Outcome	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 four of the current financial year. Only contracts which have not previously been reported are included in this report.

Recommendations:

The 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 above
4. Review the procurement forward plan 2020-2022 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 four 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 four 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 2020-2022 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 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.
- 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 circa £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 report details the contract forward plan for quarter four of 2020-21 which consists of contract values up to £5.3m for general fund, up to £0.8m grant funded and up to £8.7m HRA funded.
- 6.2 All contract spend should be carried out within identified resources and savings should be identified where possible to improve value for money and contribute to MTFS savings.
- 6.3 The HRA contracts have been reviewed and specified to deliver the service in line with the approved budgets. Value for money is improved by offsetting market price inflation through efficiencies to maintain the costs of the new services within the existing contract budget.

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: Q4 of the Financial Year and beyond.
- Appendix 2 - Procurement Forward Plan 2020 -2022

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

- None

Officer contact details for documents:

- N/A

Appendix 1 – New contracts planned: Q4 of the Financial Year and beyond.

Contract Ref & Title	P5726 Wapping Dock Realm Contract		
Procurement Category:	Public Realm	Contract Duration & Extensions:	24 months (plus 2 x 12-month options to extend)
One-Time / Recurrent	Recurrent	Funding Source:	<input type="checkbox"/> Capital <input type="checkbox"/> On Going <input type="checkbox"/> HRA <input type="checkbox"/> Grant <input checked="" type="checkbox"/> General Fund <input type="checkbox"/> S106 <input type="checkbox"/> Reserves
Value Total:	361,044.00		
Value P/A:	90,261.00	Statutory / Non-Statutory	Non Statutory
Cost Code	45362	Budget	Revenue
Current value	90,261.00	Revised Annual Contract	90,261.00
Savings Annual Value	In the region of 50k p/a see notes below		
Summary of how savings will be achieved			
<p>The saving in the region of 50k per annum will be as a direct result of reducing the figure available from the revenue budget for any additional deep cleansing works within the canal as this can be absorbed as and when required by the in-house Green Team. The cost of the service will be in the region of 361,000 over the 4-year term of the contract. (2+1+1 and this contract is being procured in line with the contract value as of 1st of October 2016, whereby no inflationary uplifts have been applied.</p>			
Scope of Contract			
<p>The objective of this project is the re procurement of the Wapping Dock Realm contract for the provision of maintenance of Horticultural and Water Features for the following:</p> <ul style="list-style-type: none"> • The cleaning and maintenance of public space landscape areas and features • The routine cleaning of water features, including dredging, draining, and recharging of systems, • Monitoring recording and reporting of water consumption and water quality, and the implementation of measures relating to these issues <p>In addition to the above, the contract is for the maintenance of a range of features. This may include canals, waterways, lakes and ponds at various sites within the London Borough of Tower Hamlets. The contract is being procured in line with the Parks and Open Spaces Strategy, Biodiversity Action Plan and all relevant existing and future parks specific strategic document, including collaboration with officers from other Directorates that require these services, which will be in line with all legislation, British and European Standards, sound and accepted best practice implicit in the Specifications and public/user health and safety.</p>			
Contracting Approach			
<p>This will be an open tender and procured in accordance with the Public Procurement (Amendment etc.) (EU Exit) Regulations 2019, and it is anticipated that this will attract the interest of local service providers and afford them the opportunity to register in competing for this contract.</p>			
Community Benefits			
<p>In line with LBTHs Social Value Matrix, it is proposed at a 5% weighting will be given to community benefit when assessing the submitted tenders, and the social benefit clause at outlined in the Social Value Matrix.</p>			

Contract Ref & Title	P5645 FC004: EIA Review Contracts		
Procurement Category:	Corp Services	Contract Duration & Extensions:	3 Years + 2 Years
One-Time / Recurrent	Recurrent	Funding Source:	<input type="checkbox"/> Capital <input type="checkbox"/> HRA
Value Total:	£3,750,000		<input type="checkbox"/> Grant <input checked="" type="checkbox"/> General Fund
Value P/A:	£750,000	Statutory / Non-Statutory	Statutory
Cost Code	55120.R4400.A2506	Budget	55120.R4400.A2506
Current value	£5,100.000	Revised Annual Contract	£750,000
Savings Annual Value	£30,484.40		

Summary of how savings will be achieved

Savings will be achieved by removing the project management fee from Contract which will result in an approximate saving of £152,422 (£30,484.40 per annum).

Scope of Contract

The objective of this procurement is to replace the existing EIA (Environmental Impact Assessment) Review Contracts. The current contracts (lead and secondary) will expire on 2nd November 2021.

The intention is to procure a lead and secondary contract. The secondary contract will be used in instances where there is a conflict of interest with the lead supplier, or in instances where the lead supplier has a large volume of work

It is proposed that the replacement lead EIA Review Contract retains a maximum value of £2,500,000 (annual value of £500,000) and that the secondary EIA Review Contract reduces in value from £2,500,000 to £1,250,000 (annual value of £250,000). The reduction in the value of the secondary EIA review Contract is based on experience of the actual spend of the existing contracts which has been significantly lower than the maximum value.

LBTH as the local planning authority has a statutory duty to ensure the submitted ES is sufficient and meets the requirements of the EIA Regulations as the competent authority, and that the environmental information is taken into account when determining the planning application. The EIA Review Contracts support LBTHs statutory duty and provide LBTH expert advice from all relevant specialisms in the context of EIA, and support the Council meeting the statutory determination periods associated with planning applications for EIA Developments.

Contracting Approach

This procurement will follow a competitive procurement process in line with the Councils procurement procedures. The councils Dynamic Purchasing System will be utilised, and Suppliers approved under the Environmental Lot will be invited to participate in this call for competition.

Community Benefits

In line with LBTHs Social Value Matrix, it is proposed at a 5% weight will be given to community benefit when assessing the submitted tenders, and the social benefit clause at outline in the Social Value Matrix will be secured within the EIA Review Contracts.

Contract Ref & Title	HAC5730 HIV Prevention & wellbeing		
Procurement Category:	Care & commissioning	Contract Duration & Extensions:	3 plus 1 year
One-Time / Recurrent	Recurrent	Funding Source:	<input type="checkbox"/> Capital <input type="checkbox"/> HRA
Value Total:	£800,000		<input checked="" type="checkbox"/> Grant <input type="checkbox"/> General Fund <input type="checkbox"/> S106 <input type="checkbox"/> Reserves
Value P/A:	£200,000	Statutory / Non-Statutory	Non Statutory
Cost Code	37009	Budget	Public Health
Current value	£234,830	Revised Annual Contract	£200,000
Savings Annual Value	£34,830		

Summary of how savings will be achieved

Reducing the number of beneficiaries to reflect the reduced number of people diagnosed with HIV in the borough.

Scope of Contract

This is a HIV prevention, testing and community support- based service which will provide a flexible and targeted HIV prevention offer directed towards residents with highest need. The project will focus on the following area:

1. Psychosocial Support
2. HIV Prevention, Sexual Health Promotion and Outreach
3. Training, System Leadership and Peer Support (which will include volunteer support from local residents)

There are a number of deliverables through this project a few of these include:

- 450 adults with HIV/high risk individuals annually accessing this support service, 150 assessments per year & 80 1:1 counselling support and group therapy.
- 30% of those newly diagnosed HIV are assessed and offered Psychosocial Support
- 40% of all adults known to be living with HIV accessing the service

People at risk or living with HIV with advice and signposting to welfare, housing, education up to 24 week support 'complex cases' i.e. citizen advice, welfare appeals, employment and immigration – number to be agreed with provider, 90% of the people engaged through health promotion that report improved knowledge of HIV risk factors and ways to reduce the risk of infection (including knowledge of PrEP and signposting to All East (sexual health service for assessment). Number of HIV training sessions delivered to statutory and non-statutory professionals per year – number to be agreed with the provider

Contracting Approach

The procurement of this service will take place via a collaborative commissioning framework with London Borough of Newham leading on the process and Tower Hamlets along with other boroughs involved in the development of the specification and outcomes and evaluation process. Ensuring that the needs of population of Tower Hamlets are fully met. This project is a collaborative approach between commissioners and providers to deliver a consistently high standard of service and contract management, with services co-located and co-commissioned.

Community Benefits

In line with LBTHs Social Value Matrix, it is proposed at a 5% weight will be given to community benefit when assessing the submitted tenders.

Contract Ref & Title	THH5585 Periodic Servicing and Inspections, Routine and Responsive Maintenance and Renewal or Installation of Fire Prevention and Detection Installations, including Out of Hours Emergency Call Outs		
Procurement Category:	Construction & FM	Contract Duration & Extensions:	3+ 2 years
One-Time / Recurrent	Recurrent	Funding Source:	<input checked="" type="checkbox"/> Capital <input checked="" type="checkbox"/> HRA
Value Total:	£690k		<input type="checkbox"/> Grant <input type="checkbox"/> General Fund <input type="checkbox"/> S106 <input type="checkbox"/> Reserves
Value P/A:	£138k	Statutory / Non-Statutory	Statutory
Cost Code	17810 (includes other R&M contracts)	Budget	£13M for 2021/22 revenue budget
Current value	£138K	Revised Annual Contract	£138K
Savings Annual Value	Please see below for explanation how savings will be achieved.		

Summary of how savings will be achieved

Savings will inherently be built into the new contracts with existing budgets remaining as – is, with no increases proposed. Any increased costs resulting from annual indexation adjustments will also be contained within existing budgets.

Scope of Contract

Note: This Appendix 1 is being re-submitted as the original submission (in Sept 2019) contained errors, in particular in relation to the length and value of the contract – these have been overstated in the original paper. The strategy has not changed, it was errors in the preparation of the document. The new Appendix 1 is now aligned with Tollgate 1 which was approved in July 2019.

Re-procurement of the contract for Periodic Servicing and Inspections, Routine and Responsive Maintenance and Renewal or Installation of Fire Prevention and Detection Installations, including Out of Hours Emergency Call Outs. This includes:

- Fire Detection
- Fire Extinguishers
- Sprinklers
- Fire Equipment
- Lightning Conductors
- Dry risers

Contracting Approach

The current repairs and maintenance contract includes fire safety and compliance works. This element will not be included in the re-procurement of the repairs contract but will now be procured as a stand-alone contract.

Splitting out these contracts is believed to offer greater opportunity to suppliers to carry out fire safety works as the core part of their business. This will Create more opportunity for suppliers to tender and should encourage competitive pricing. Resident consultation on options for which services should be included in the Repairs and maintenance contract supported this approach.

The Contract Duration is 5 years in total with an initial period of 3 years + a 2 year extension. This should

provide sufficient continuity to a contractor to achieve savings over the life of the contract. Each extension will be subject to a performance review.

The current annual contract value is £138K. The total contract value over 5 years is therefore £690K. In view of the scope of works included in this contract i.e. fire prevention and detection works, there is likely to be continued pressure, increased regulatory scrutiny and increased obligations. Any statutory change that would require an increase in the allocated budget will be subject to the Council's rigorous budget setting/approval process. Any actual inflationary uplift, which in the contract is linked to BCIS All-in Tender Price index, will be absorbed within the allocated annual THH budget, as outlined in the savings section above.

The Price/Quality split for the ITT tender stage is expected to be 40%/60%

Community Benefits

The Social Value Matrix will be used to secure economic and community benefits for local residents. 5% of the evaluation weighting will be used to assess this element of the tender responses. Due to the low value of the contract, apprenticeships are not suitable but other benefits will be included in line with the SV matrix.

Contract Ref & Title	THH5347: Repair, Maintenance and Upgrade of Door Entry System and Related Equipment and CCTV and associated minor planned works		
Procurement Category:	Construction and FM	Contract Duration & Extensions:	4 + 3+3 years
One-Time / Recurrent	Recurrent	Funding Source:	<input type="checkbox"/> Capital <input checked="" type="checkbox"/> HRA <input type="checkbox"/> Grant <input type="checkbox"/> General Fund <input type="checkbox"/> S106 <input type="checkbox"/> Reserves
Value Total:	£5,000,000		
Value P/A:	£500,000	Statutory / Non-Statutory	Non Statutory
Cost Code	17807	Budget	£802,000 per annum (includes TV ariels)
Current value	£5m	Revised Annual Contract	£500k
Savings Annual Value	Please see below for explanation how savings will be achieved.		

Summary of how savings will be achieved

Savings will inherently be built into the new contracts with existing budgets remaining as – is, with no increases proposed. Any increase costs resulting from annual indexation adjustments will also be contained within existing budgets.

Scope of Contract

Repairs to Door Entry systems and CCTV are currently undertaken by Openview under the existing H3912c Repairs & Maintenance, minor improvements to door entry, CCTV and Aerial contract which ceases at the end of March 2022.

This procurement deals with The Door Entry systems, Automated Gates and CCTV maintenance, TV ariels will be covered by a separate procurement THH4348. This contract will cover:

- Repair and maintenance of all door entry systems and ad-hoc minor upgrades as required. (but not full replacement and installation of door entry systems which will be covered by Capital programme)
- Maintenance of new Door Entry Systems installed under the capital programme.
- Repairs and maintenance of existing CCTV systems
- Maintenance, servicing and compliance requirements for Automated Gates

Contracting Approach

This procurement will follow a competitive procurement process in line with the Councils procurement procedures. Existing third-party frameworks will be explored and utilised if suitable. The standard LBTH Terms and Conditions of contract will be used unless a third-party framework requires different. LBTH legal and procurement teams will be engaged to under the service level agreement.

Community Benefits

The Councils Social Value Matrix will be used and the evaluation criteria will include 5% weighting towards securing economic and community benefits for local residents. It is envisaged that the Employment, Materials and Community infrastructure categories will be included.

Contract Ref & Title	THH4348: Repairs and Maintenance of Communal TV Aerials, Integrated Reception System		
Procurement Category:	Construction & FM	Contract Duration & Extensions:	10 years (4 +3+3)
One-Time / Recurrent	Recurrent	Funding Source:	<input type="checkbox"/> Capital <input checked="" type="checkbox"/> HRA <input type="checkbox"/> Grant <input type="checkbox"/> General Fund <input type="checkbox"/> S106 <input type="checkbox"/> Reserves
Value Total:	£3m		
Value P/A:	£300,000	Statutory / Non-Statutory	Non Statutory
Cost Code	17807	Budget	£802,000 per annum (includes CCTV to be procured separately)
Current value	£3m	Revised Annual Contract	£300k
Savings Annual Value	Please see below for explanation how savings will be achieved.		
Summary of how savings will be achieved			
Savings will inherently be built into the new contracts with existing budgets remaining as – is, with no increases proposed. Any increase costs resulting from annual indexation adjustments will also be contained within existing budgets.			
Scope of Contract			
Repairs to Communal TV aerials are currently undertaken by Openview under the existing H3912c Repairs & Maintenance, minor improvements to door entry, CCTV and Aerial contract which ceases at the end of March 2022. This procurement only concerns the maintenance and ad hoc replacement of Communal TV aerials			
<ul style="list-style-type: none">• Repairs and maintenance of Communal TV aerials• Repairs and Maintenance of existing IRS systems• A life-cycle condition report on existing systems to inform future planned maintenance (and capital) programmes			
NB: the Door Entry / CCTV aspect of the existing contract is being procured separately. The contract will be for 4 years with up to 2 number 3 year extension terms. A total of up to 10 years.			
<u>Contracting Approach</u>			
This procurement will follow a compliant competitive procurement process in line with the Councils procurement procedures. Existing third-party frameworks will be explored and utilised if suitable. The			

standard LBTH Terms and Conditions of contract will be used unless a third-party framework requires different. LBTH legal and procurement teams will be engaged to ensure procurement route and contracts remain compliant and suitable for LBTH.

Community Benefits

The Councils Social Value Matrix will be used and the evaluation criteria will include 5% weighting towards securing economic and community benefits for local residents. It is envisaged that the Employment, Materials and Community infrastructure categories will be included