

**AGENDA ITEM**

**REPORT TO CABINET**

**14 NOVEMBER 2019**

**REPORT OF CORPORATE  
MANAGEMENT TEAM**

**CABINET / KEY DECISION**

**Leader of the Council - Lead Cabinet Member – Councillor Bob Cook**

**PROCUREMENT PLAN / HIGHER VALUE CONTRACTS**

**SUMMARY**

This report seeks approval from Cabinet for the award of a number of planned higher value contracts, where the value exceeds the limit on officer delegated authority, and which are either funded within the approved MTFP or are subject to a bid for external funding.

**REASONS FOR RECOMMENDATIONS/DECISIONS**

To enable Cabinet to exercise its strategic oversight of higher value planned procurement projects, in accordance with the updated constitution and to avoid the need to submit multiple individual requests for contract approvals.

**RECOMMENDATIONS**

That Cabinet:

1. approves the contracts listed in Annex 1;
2. gives authority to the relevant Director or Assistant Director to make the specific contract award decisions and any subsequent contract extension decisions in accordance with the delegations listed in Annex 1.

**DETAIL**

1. The constitution defines a range of decisions that require a specific Cabinet approval, the financial threshold for which is set at a level of £500k or more. Annex 1 lists the procurement projects over £500k that are underway and due for contract award. The value of the individual contracts each exceeds the financial threshold and have not otherwise been delegated to officers.

**COMMUNITY IMPACT IMPLICATIONS**

2. Not applicable.

**CORPORATE PARENTING IMPLICATIONS**

3. Not applicable.

**FINANCIAL IMPLICATIONS**

4. The report sets out a number of higher value contracts expected to be awarded in the current financial year. The expenditure committed as a result of these procurements is planned and remains within the Council's approved budget/MTFP or is subject to a bid for external funding which will ensure that at the point of contract award funds are available within the MTFP.

#### **LEGAL IMPLICATIONS**

5. Notwithstanding Cabinet approval it remains the responsibility of officers to ensure that the correct processes within Contract Procedure Rules have been followed and that where applicable the Public Contracts Regulations 2015 are complied with.
6. Where the value of goods, services or works exceeds the threshold at which the procurement process must comply with the Public Contracts Regulations either a tender exercise or the use of a suitable framework agreement will comply with the Regulations.

#### **RISK ASSESSMENT**

7. These procurements are categorised as low to medium risk. Existing management systems and activities are sufficient to control and reduce risk.

#### **WARDS AFFECTED AND CONSULTATION WITH WARD/COUNCILLORS**

8. Not applicable – does not relate directly to specific wards.

#### **BACKGROUND PAPERS**

None

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## Annex 1

<b>INTEGRATED SUBSTANCE MISUSE SERVICE</b>	
<p>1. The current Adult Drug Recovery Services and the Adult Alcohol Recovery and Children and Young People Substance Misuse Service contracts are due to expire 31 March 2020 and in compliance with the Council's Contract Procedure Rules, the contract must be re-tendered.</p> <p>2. Public Health have reviewed and re-designed the service model following extensive consultation with service users and stakeholders.</p> <p>3. The new contract will deliver a service model to provide an integrated, recovery treatment service which is effective in achieving high-quality care and outcomes, based on strengths-based, recovery focused models.</p> <p>4. The service model includes:</p> <ul style="list-style-type: none"> <li>• Better access</li> <li>• Improved early identification</li> <li>• Effective treatment pathways</li> <li>• An integral part of the whole system</li> <li>• A benefit to other services in the local authority including children's services, adult services and housing</li> </ul> <p>4.The contract details are:</p> <ul style="list-style-type: none"> <li>• Contract annual value: £2,267,000</li> <li>• Overall contract value: £11,335,000 (including optional extensions)</li> <li>• Date commencing: 01/04/2020</li> <li>• Date expiring: 31/3/2023</li> <li>• Option to extend: 2 x 1 year extensions</li> </ul>	
Key Decision: Yes	Funding within MTFP: Yes
Delegated Officer: Ann Workman, Director, Adults and Health	
Checks and Balances: In consultation with other appropriate officers for professional advice to include finance and procurement.	

## FAMILY AND CARERS SERVICE

1. The current Specialist Family and Carer Support Service for those affected by someone else's Drug and/or Alcohol Misuse is due to expire 31 March 2020 and in compliance with the Council's Contract Procedure Rules, the contract must be re-tendered.
2. Public Health have reviewed the service model following extensive consultation with service users and stakeholders.
3. The new contract will deliver a service model to enable families and carers affected by drug and alcohol misuse to access high quality support. The service model is designed around the needs of individuals having a positive impact on families and communities
4. The service model includes:
  - Liaison and collaboration with partners across the system to identify and offer support to families and carers affected by drug and alcohol misuse
  - Partnership working with integrated drug and alcohol service to enhance the role that families play in treatment and recovery
  - Structured therapeutic interventions that improve the coping skills and strengthen the family unit, and give families and carers the tools to support their affected family member to engage with drug and alcohol treatment
  - Unstructured interventions that offer families the opportunity to receive peer support
  - Support and advocacy to family members of individuals affected by drug and alcohol misuse to enable them to access support services in their own right.
5. The contract details are:
  - Annual value £139,000
  - Overall value £695,000 (including optional extensions)
  - Date commencing: 1/4/2020
  - Date expiring: 31/03/2022
  - Option to extend: 3 x 1 year extensions

Key Decision: No

Funding within MTFP: Yes

Delegated Officer: Ann Workman, Director, Adults and Health

Checks and Balances: In consultation with other appropriate officers for professional advice to include finance and procurement.

<b>SPECIALIST STOP SMOKING SERVICE</b>	
<p>1. The current Specialist Stop Smoking Service contract is due to expire 31 March 2020 and in compliance with the Council's Contract Procedure Rules, the contract must be re-tendered.</p> <p>2. Public Health have reviewed the service model following extensive consultation with service users and stakeholders.</p> <p>3. The new contract will deliver the service model to provide an evidence-based specialist stop smoking service with expert support, including treatments and intensive behavioural advice to smokers aged 12 years +.</p> <p>4. The service model includes:</p> <ul style="list-style-type: none"><li>• To have at least 8% of the smoking population accessing the stop smoking service for support at all time</li><li>• To maintain the 4-week quit rate at a minimum of 40%</li><li>• To improve access from the key priority groups where burden of smoking is the greatest and maintain their quit rate at minimum of 35%</li><li>• To improve the proportion of quit success at 6 months and 12 months</li><li>• To maintain and improve other providers' quality and competence on delivery of evidence-based Stop Smoking Services.</li></ul> <p>5. The contract details are:</p> <ul style="list-style-type: none"><li>• Annual value: £341,520</li><li>• Overall value: £1,707,600 (including optional extensions)</li><li>• Date commencing: 01/04/2020</li><li>• Date expiring: 31/3/2023</li><li>• Option to extend: 2 x 1 year extensions</li></ul>	
Key Decision: No	Funding within MTFP: Yes
Delegated Officer: Ann Workman, Director, Adults and Health	
Checks and Balances: In consultation with other appropriate officers for professional advice to include finance and procurement.	

<b>PROVISION OF FIRST TIME DOMESTIC HEATING INSTALLATIONS, ECO FUNDING AND OTHER ENERGY EFFICIENCY MEASURES CONTRACT</b>	
<p>1. The Council has led a consortium bid to the £150m National Grid and Affordable Warm Solutions 'Warm Homes Fund' (WHF) programme under Round 4 and submitted a funding application on 26 September 2019 for £4.05m. The project aims to remove 1,200 households from fuel poverty through first time gas connections and installation of first time gas and Air Source Heat Pump (ASHP) central heating systems, and support over 3,000 more through energy advice and other energy efficiency measures.</p> <p>2. The consortium bid includes Darlington, Hartlepool, Middlesbrough, Stockton-on-Tees and Redcar &amp; Cleveland Council's, alongside the Citizens Advice Bureau, Communitas, Middlesbrough Environment City (MEC) and the Thirteen Group.</p> <p>3. The project requires the Council to contract with suitably qualified and experienced contractor(s) who have access to funding through the Government's Energy Company Obligation (ECO), which provides financial support towards the cost of energy efficiency measures for fuel poor households. The Council will only appoint Contractor(s) who are able to utilise the ECO scheme, in order to combine the ECO funding with the WHF funding and secure it up to February 2022 to make the project financially viable.</p> <p>4. The contract is valued at approx. £4.05m and in compliance with the Council's Contract Procedure Rules, the contract must be tendered. The contract is split into 2 lots; Lot 1 - the delivery of 1,000 gas central heating systems and Lot 2 - the delivery of 200 ASHP systems.</p> <p>5. The appointment of the contractor(s) is entirely dependent upon several outstanding factors that include a successful external funding bid to the Warm Homes Fund, securing the appropriate levels of ECO funding through the tender and accepting the grant award offer from WHF.</p> <p>6. Whilst the proposed works are not currently funded within the MTFP, no contracts may be placed without a successful external funding bid to the Warm Homes Fund. If funding is secured from the Warm Homes Fund this will be incorporated into the MTFP.</p>	
Key Decision: Yes	Funding within MTFP: Yes, at the point of contract award.
Delegated Officer: Richard McGuckin, Director of Economic Growth and Development Services	
Checks and Balances: In consultation with other appropriate officers for professional advice to include finance and procurement.	

<b>NEPO407 – FOOD AND GENERAL PROVISIONS FRAMEWORK AGREEMENT</b>	
<p>1. The Council has an ongoing requirement for the supply and distribution of food provisions to schools and other catering establishments and currently uses the NEPO Food and General Provisions Framework Agreement.</p> <p>2. The framework is split across four lots covering the following:                      Lot 1 – General Provisions                      Lot 2 – Frozen Food                      Lot 3 – Meat, Sausage &amp; Poultry                      Lot 4 – Fruit, Vegetables, Bread &amp; Eggs</p> <p>3. The current NEPO framework agreement is due to expire 31 December 2019 and NEPO have tendered a new framework agreement to be in place from 1 January 2020 allowing enough time between now and January for new suppliers to mobilise in readiness for the contract start date.</p> <p>4. Spend across the four lots in Stockton is circa £1,271,000 per annum based on 18/19 usage and overall savings of 3.9% have been achieved across the new framework agreement assuming the same ordering profile.</p> <p>5. Social Value benefits of the new framework agreement for the region total £75,558 over the contract period and include 176 hours dedicated to supporting young people into work, 16 new apprenticeships in the NE region, 26 weeks of meaningful work placements, £10,000 of donations or in-kind contributions to local community projects and 1,080 tonnes of CO2 savings.</p> <p>6. The recommendation is that the Council enters into call-off contracts with the first ranked supplier from the framework agreement as detailed below in each of the four lots for a contract period of 48 months commencing 1 January 2020.</p> <p style="padding-left: 40px;">Lot 1 – General Provisions – Bestway, deliveries via Stockton-on-Tees depot                      Lot 2 – Frozen Food – Hopwells, deliveries via Darlington depot                      Lot 3 – Meat, Sausage &amp; Poultry – Freeman Catering Butchers, deliveries via Gateshead                      Lot 4 – Fruit, Vegetables, Bread &amp; Eggs – Total Produce, deliveries via Gateshead</p>	
Key Decision: Yes	Funding within MTFP: Yes
Delegated Officer: Jamie McCann, Director of Community Services	
Checks and Balances: In consultation with other appropriate officers for professional advice to include finance and procurement.	

**NEPO302 GAS SUPPLY FRAMEWORK AGREEMENT**

1. The Council has an ongoing requirement for the supply of gas across various sites within the borough and currently uses the NEPO Gas Supply Framework Agreement.
2. The current framework agreement is due to expire 31 March 2020 and NEPO have tendered a new framework agreement on behalf of the 12 NE Local Authorities and 14 associate members with an approximate annual value of £21million. Although the actual supply of gas to sites across the NEPO portfolio will not commence until April 2020 the new framework agreement will allow NEPO to forward buy gas and to work with local authorities to ensure their site portfolios are accurate before 1 April 2020.
3. The new framework agreement includes NEPO trading gas on a fully flexible basis from the wholesale market and the subsequent supply of gas to Stockton and the rest of the NEPO portfolio. The framework agreement also includes a meter asset manager service and subsequent automatic meter reading services.
4. Stockton spend is circa £1,100,000 per annum based on 18/19 consumption and overall savings of the supplier management fee across the NEPO portfolio of circa £74k have been achieved, however the spend or saving will increase or decrease according to consumption over the duration of the contract.
5. Other benefits include social value benefits of the new framework agreement for the region total circa £30k per year, an improved service level agreement, robust site retention arrangements and an improved online system allowing Energy Managers to carry out desktop analysis which can assist with the monitoring of energy usage and to identify energy reduction opportunities.
6. The recommendation is that the Council enter into a call-off contract with Corona Energy for the supply of gas for the period 1 April 2020 – 31 March 2024 with the option to extend for a further 1 x 24 months.

Key Decision: Yes

Funding within MTFP: Yes

Delegated Officer: Garry Cummings, Director of Finance & Business Services

Checks and Balances: In consultation with other appropriate officers for professional advice to include finance and procurement.