



NOTICE OF MEETING

Cabinet Procurement Committee

THURSDAY, 24TH FEBRUARY, 2011 at 18:00 HRS - CIVIC CENTRE, HIGH ROAD, WOOD GREEN, N22 8LE.

MEMBERS: Councillors Goldberg (Chair), Bevan, Kober and Reith

AGENDA

1. APOLOGIES FOR ABSENCE (if any)

2. URGENT BUSINESS

The Chair will consider the admission of any late items of urgent business. Late items will be considered under the agenda item where they appear. New items will be dealt with at item 8 below. New items of exempt business will be dealt with at item 12 below.

3. DECLARATIONS OF INTEREST

A member with a personal interest in a matter who attends a meeting of the authority at which the matter is considered must disclose to that meeting the existence and nature of that interest at the commencement of that consideration, or when the interest becomes apparent.

A member with a personal interest in a matter also has a prejudicial interest in that matter if the interest is one which a member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice the member's judgment of the public interest **and** if this interest affects their financial position or the financial position of a person or body as described in paragraph 8 of the Code of Conduct **and/or** if it relates to the determining of any approval, consent, licence, permission or registration in relation to them or any person or body described in paragraph 8 of the Code of Conduct.

4. MINUTES

To confirm and sign the minutes of the meeting of the Procurement Committee held on 3 February 2011.

5. DEPUTATIONS / PETITIONS / PRESENTATIONS / QUESTIONS

To consider any requests received in accordance with Standing Orders.

6. IT NETWORK, SECURITY AND DATACENTRE MANAGEMENT CONTRACT EXTENSION

(Report of the Director of Corporate Resources): To seek approval to extend the current contract with Logicalis (UK) Limited for Network, IP Telephony, Security and Datacentre Management for a period of one year from April to allow for a full OJEU tender to take place.

7. FRAMEWORK AGREEMENT FOR PASSENGER TRANSPORT SERVICES AND AWARD OF CALL OFF CONTRACTS

(Report of the Director of the Children and Young People's Service): To seek approval for the award of a framework agreement for the provision of passenger transport services and to seek approval to award the call off contracts.

8. NEW ITEMS OF URGENT BUSINESS

To consider any items admitted at 2 above.

9. EXCLUSION OF THE PRESS AND PUBLIC

The following items are likely to be the subject of a motion to exclude the press and public as they contain exempt information which either relates to the business or financial affairs of any particular person (including the Authority holding that information) or the amount of any expenditure proposed to be incurred by the authority under any particular contract for the acquisition of property or the supply of goods and services.

Note by the Head of Local Democracy and Member Services

Items 10 and 11 allow for the consideration of exempt information in relation to items 6 and 7 which appear earlier on the agenda.

10. IT NETWORK, SECURITY AND DATACENTRE MANAGEMENT CONTRACT EXTENSION

(Report of the Director of Corporate Resources): To seek approval to extend the current contract with Logicalis (UK) Limited for Network, IP Telephony, Security and Datacentre Management for a period of one year from April to allow for a full OJEU tender to take place.

11. FRAMEWORK AGREEMENT FOR PASSENGER TRANSPORT SERVICES AND AWARD OF CALL OFF CONTRACTS

(Report of the Director of the Children and Young People's Service): To seek approval for the award of a framework agreement for the provision of passenger transport services and to seek approval to award the call off contracts.

12. NEW ITEMS OF EXEMPT URGENT BUSINESS

To consider any items admitted at 2 above.

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16 February 2011

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**MINUTES OF THE CABINET PROCUREMENT COMMITTEE
THURSDAY, 3 FEBRUARY 2011**

Actions arising from Cabinet Procurement Committee are monitored and progress reported by Corporate Procurement. Officers must therefore ensure that all actions assigned to them, are fully addressed and signed off with the Contracts Management Officer in the Corporate Procurement Unit.

Councillors *Goldberg (Chair), *Bevan, *Kober and *Reith.

*Present

Also Present: Councillor Bull

MINUTE NO.	SUBJECT/DECISION	ACTION BY
PROC62.	<p>APOLOGY FOR LATENESS (Agenda Item 1)</p> <p>An apology for lateness was submitted by the Chair. In the absence of Councillor Goldberg, Councillor Kober took the Chair.</p> <p>(Councillor Kober in the Chair)</p>	
PROC63.	<p>MINUTES (Agenda Item 4)</p> <p>RESOLVED</p> <p>That the minutes of the meeting held on 16 December 2010 be approved and signed.</p>	HLDMS
PROC64.	<p>EXTENSION OF CONTRACT FOR THE SUPPLY OF TEMPORARY AND PERMANENT WORKERS (Report of the Assistant Chief Executive (People and Organisational Development) - Agenda Item 6)</p> <p>The Appendix to the interleaved report was the subject of a motion to exclude the press and public from the meeting as it contained exempt information relating to the business or financial affairs of any particular person (including the Authority holding that information).</p> <p>We noted that the report sought our approval to the extension of the current contract for the supply of temporary staff held by Hays Resource Management (HRM) for a further two years to 31 March 2013 and also sought agreement to variations to the extended Contract.</p> <p>RESOLVED</p> <p>That in accordance with Contract Standing Order 13.02 approval be granted to the extension of the current contract held by Hays Resource Management (HRM) for the supply of temporary staff together with the variations set out in paragraph 3 of the interleaved report.</p>	ACE-POD

**MINUTES OF THE CABINET PROCUREMENT COMMITTEE
THURSDAY, 3 FEBRUARY 2011**

<p>PROC65.</p>	<p>AWARD OF CONTRACT FOR FITNESS SUITE EQUIPMENT SUPPLY AND ASSOCIATED MAINTENANCE AND SUPPORT SERVICES (Report of the Director of Urban Environment - Agenda Item 7)</p> <p>The Appendix to the interleaved report was the subject of a motion to exclude the press and public from the meeting as it contained exempt information relating to the business or financial affairs of any particular person (including the Authority holding that information).</p> <p>We noted that the report sought our approval to the award of the contract for Fitness Suite Equipment Supply and associated Maintenance and Support Services for a period of five years commencing May 2011.</p> <p>RESOLVED</p> <p>That in accordance with Contract Standing Order 11.01 (b) approval be granted to the award of the contract for Fitness Suite Equipment Supply and associated Maintenance and Support Services to Technogym on the terms set out in the Appendix to the interleaved report for a period of five years to be funded via a finance lease arrangement.</p>	<p>DACCS</p>
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The meeting ended at 18.25 hours.

CLARE KOBER
In the Chair

Agenda item:

Cabinet Procurement Committee

On 24th February 2011

Report Title. IT Network, Security and Datacentre Management Contract Extension

Report of **Julie Parker, Director of Corporate Resources**

Signed : *J. Parker* 16/2/11.

Contact Officer : David Hatley, Senior Supplier Manager, IT Services

Wards(s) affected: **All**

Report for: **Key Decision**

1. Purpose of the report (That is, the decision required)

- 1.1. For the Procurement Committee to agree to extend the current contract with Logicalis (UK) Limited for Network, IP Telephony, Security and Datacentre Management for a period of one year from April, to allow a for full OJEU tender to take place.

2. Introduction by Cabinet Member (if necessary)

- 2.1. I concur with the recommendation of this report to extend the current contract for IT Network, Security and Datacentre Management.

3. State link(s) with Council Plan Priorities and actions and /or other Strategies:

- 3.1. IT Services Strategy 2010-2013.
3.2. Greener Haringey

4. Recommendations

- 4.1. That in accordance with CSO 13.02 the Procurement Committee approve the extension to the current contract with Logicalis (UK) Limited for Network, IP Telephony, Security and Datacentre Management for a period of one year from April 2011 for the reasons outlined in this report.

5. Reason for recommendation(s)

- 5.1. The current contract was awarded to Logicalis (UK) Limited following a competitive tender exercise for a period of 5 years. The contract is due to expire in April 2011.
- 5.2. Logicalis (UK) Limited has an in depth knowledge of the Council and its infrastructure and are considered a Strategic Supplier providing advice and guidance on IT strategy and requirements.
- 5.3. A 1 year extension to the current contract has been proposed to include all existing services, network management, datacentre, security management, and purchasing and maintenance of the Internet Protocol Telephony (IPT) products and call centre management system (ACD).
- 5.5. The IT Strategy, approved by Cabinet in July 2010, will develop the Council's infrastructure which will require a change in service type to be provided and the 1 year extension to the current contract will allow sufficient time for IT Services to carry out a full OJEU tender.
- 5.6. Any change of provider at this current time would require a steep learning curve and would cause disruption to the provision of services to the Council and not demonstrate value for money. This contract will ensure continuation of service for a key area of IT activity and expertise whilst a full OJEU tender is carried out.

6. Other options considered

- 6.1. It was initially planned to award a new one year contract under an existing framework managed by Eastern Shires Purchasing Organisation (ESPO), but we were subsequently advised by ESPO that this would not be advisable in the current climate.

7. Summary

- 7.1. Logicalis (UK) Limited supply services to manage and maintain the IT Network, Security service, and to manage the 2 IT Datacentres, at River Park House and Technopark. They also supply support and management of the new IPT service .
- 7.2 The performance is monitored on a monthly basis by means of management

reports and review meetings and has been of a high standard; issues that have arisen have been resolved by application of service credits and improvement measures as per the procedures set out in the contract.

- 7.3. The IT Network enables communication between the various IT systems employed, and between the Council and external parties. Any failure of the network will impact on the day to day business of the Council.
- 7.4. In addition, the Network and the systems within it need to be protected from external threats such as intruders, denial of service attacks and viruses.
- 7.5. IT Services run two datacentres to provide IT services to the Council and the day to day management of these is carried out by Logicalis which includes the environmental controls - fire, flood and heat alarms - and equipment such as air conditioning, uninterrupted power supplies and fire suppressants.
- 7.6. Logicalis also provide advice and guidance on emerging technologies and Haringey's IT strategy as part of the contract which adds value in terms of access to areas of innovation and expertise gained from working for many customers and suppliers around the world.
- 7.7. IT Services wish to continue the relationship with Logicalis (UK) Limited during the initial period of implementing the IT Strategy, after which there will be a better understanding of our network, IPT, security and datacentre requirements which will enable us to carry out a full OJEU tender for a new service.
- 7.8. It is proposed that the current contract be extended for a period of one year.
- 7.9. The contract will include all services as currently supplied to existing service levels, will manage and maintain the IPT and ACD systems to a basic level of service, will include all changes made to the infrastructure within working hours and continue to provide strategic advice and guidance as required by the Council. The cost includes the purchase of ongoing licence and maintenance requirements of the equipment - servers, switches, monitoring

8. Chief Financial Officer Comments

- 8.1. The Chief Financial Officer concurs that there is revenue and capital budget provision to meet the forecast cost of the recommended one-year extension and that this sits within the IT business unit.
- 8.2 Please also see additional comments in Part B of the report.

9. Head of Legal Services Comments

- 9.1. The award of the contract extension as recommended in paragraph 4 is a Key Decision and the Directorate has confirmed that it has been included in the Forward Plan.
- 9.2 Please also see additional comments in Part B of the report.

10. Head of Procurement Comments

- 10.1. An OJEU Prior Indicative Notice (PIN) will be published in January 2011; the purpose of which is to alert the market of the Council's intention to run a competitive tendering exercise for a new contract for IT Network Support & Maintenance services (to include related products).
- 10.2 An OJEU Tender Notice will then be published in March 2011, inviting bids from interested parties.
- 10.3 In the meantime, it is proposed to agree a short extension with the existing provider (Logicalis) whilst the tender packs are prepared.
- 10.4 Logicalis have been made aware of the Council's intention in the near future to call for competition and they are agreeable to a short extension in this knowledge.
- 10.5 Please also see additional comments in part B of the report.

11. Equalities & Community Cohesion Comments

- 11.1. Not applicable.

12. Consultation

- 12.1. Not applicable.

13. Service Financial Comments

- 13.1. The contract cost over 1 year will be provided from within the IT Services budget.

14. Use of appendices / Tables and photographs

- 14.1. Not applicable

15. Local Government (Access to Information) Act 1985

- 15.1. Part B of this report contains exempt information and **is not for publication.** The exempt information is under the following category (identified in the amended Schedule 12A of the Local Government Act 1972)
- *Information relating to the financial or business affairs of any particular person (including the authority holding that information) (Ground 3).*



Agenda item:

[No.]

Procurement Committee Report

On 24th February 2011

Report Title: Framework Agreement for Passenger Transport Services and award of call off contracts.

Report of **Ian Bailey, Deputy Director, Children and Young People's Service**

Signed :

Contact Officer : John Belt, extension 5607

Wards(s) affected: **All**

Report for: **Key Decision**

1. Purpose of the report (That is, the decision required)

- 1.1. To seek Members approval for the award of a framework agreement for the provision of passenger transport services for the London Borough of Haringey.
- 1.2. To seek Members approval to award the call off contracts as set out in Part B of the report to the contractors listed in Part B.

2. Introduction by Cabinet Member (if necessary)

- 2.1. I am satisfied that the appropriate procedures have been followed and am happy to support the recommendations in this report. This tender will provide:
 - 2.1.1. The safe and cost effective transportation of Council Staff, children with special educational needs and other transport outlined at 7.1. below.
 - 2.1.2. Having followed the Council Procurement process the standard of service delivery and overall quality of vehicles will be improved along with an

improvement in value for money.

3. State link(s) with Council Plan Priorities and actions and /or other Strategies:

- 3.1. **Improving outcomes for vulnerable children** – children with special educational needs will have a safe and reliable transport service
- 3.2. **Spending wisely and investing in the future** – The Framework Agreement for the provision of passenger transport services will provide the Council with a good quality of service and achieve value for money (market value) through the mini competition process.

4. Recommendations

- 4.1. That Members approve the award of this four year framework agreement commencing on 11th April 2011, to the providers listed in Part B of the report.
- 4.2. That Members award the call off contracts as set out in Part B of the report to the contractors listed in Part B.

5. Reason for recommendation(s)

- 5.1. This would allow the safe and cost effective transportation of Council Staff, children with special educational needs and other transport outlined at 7.1. below.
- 5.2. Having followed the Council Procurement process the standard of service delivery and overall quality of vehicles will be improved along with an improvement in value for money.

6. Other options considered

- 6.1. As the framework is due to expire in April 2011 and the Council has a statutory duty to enable children to attend school there was no option but to re-tender this service.
- 6.2. The possibility of collaboration with neighbouring Boroughs was explored but was found not to be possible at this point due to differing framework expiry dates. The Passenger Transport Service is however working with Camden and Islington with their transport tender process and will be included in their OJEU notice, this will allow for a closer collaboration in the future.

7. Summary

- 7.1. The Passenger Transport Service currently provides the following services:
 - Home to school pick up and drop off for children and Young People with Special Educational Needs [SEN].
 - School Meals Delivery

- School Mail Delivery
 - School Swimming Transport
 - Evening activity club transport
 - Business (ad-hoc) transport booking service for cabs, minibuses and coaches.
- 7.2. The Council currently has a framework of 8 providers which is due to expire on 11th April 2011.
- 7.3. In September 2009 a Project Board was set up to plan and oversee a Restricted Tender Process for the procurement of Passenger Transport Services for the Council; involving 2 stages., The Pre Qualification Questionnaire [PQQ] stage and the Invitation to Tender Stage
- 7.4. The current contract value is £2.5m per annum over a four year period, and therefore the Procurement is subject to EU Procurement Rules.
- 7.5. **Stage 1** - The Pre Qualification Questionnaire (PQQ) process was conducted using an electronic online portal called CompeteFor.
- 7.6. For the purpose of the tendering exercise the Passenger Transport Service divided the current routes into four vehicle categories, Minicabs, Minibus, Accessible Minibus and Coaches.
- 7.7. The individual routes within each vehicle category were then grouped into Lots. We had a total of 20 Lots, all of which contained a number of routes from the same Vehicle Category above.
- 7.8. The PQQ criteria stipulated that providers can only be awarded routes up to the value of 50% of their annual turnover so the routes contained within the Lots were varied to enable smaller businesses the opportunity to bid.
- 7.9. Thirty seven providers expressed an interest, of which 18 were invited to tender (ITT). Twelve ITT Method Statements were returned by the Contractors, this level of interest was considered insufficient to provide adequate levels of competition the ITT process was therefore stopped in September 2010.
- 7.10. The ITT was reissued on 4th October 2010 and an additional three contractors submitted their ITT Method Statements. During the period of review one of the previous companies bought out one of the other companies on the ITT leaving 14 companies which progressed to Tender.
- 7.11. **Stage 2** – The Tender stage was split into two parts:
- 7.12. Part 1- The paper based evaluations to asses the quality aspect of the providers.
- 7.13. Part 2- The evaluation of price through a reverse e-auction.
- 7.14. The deadline for submission of the tender documents was 12th November 2010.
- 7.15. Evaluations of the tender documents were conducted between 22nd November and 3rd December 2010.
- 7.16. The evaluations were followed by site visits to all 14 providers from 13th – 20th

December 2010, to validate the tender information received. If any discrepancies were found, the points awarded were removed from the providers total quality score.

7.17. The final evaluation marks were carried forward to Stage 2, Part 2 of the process which was in the form of an on line Reverse E-auction.

What is the Reverse E-auction?

7.18. A Reverse E-auction is a web based negotiation tool, which is designed to create greater efficiencies in the procurement process. Put simply it's the reverse of eBay, where bidders bid downwards against specific Lots (of routes) to achieve optimum pricing for buyer and supplier, having already demonstrated their suitability and required their credentials against quality and service criteria.

7.19. Reverse E-auction provide a transparent mechanism to increase market opportunities for providers to compete openly on a level playing field against published specification and criteria. They enable Haringey Council to respond to market requests for greater price transparency and offer providers the opportunity to compete across a wider range of routes. Reverse E-auction enhance the tendering process because they incorporate price negotiation within the tender process to arrive at a true market value for the goods or services being tendered (in this case passenger transport routes). They enable providers to:

- See in real-time the market price for the work being tendered
- Re-bid within the auction timetable, in response to competing bids
- Re-evaluate routes that might have been considered uneconomic without transparent pricing.

They are a tried and tested method of engaging a supply market.

7.20. Following the Reverse E-auctions held from 18-21 January 2011 the following action was undertaken:

7.21. An exercise to select the Contractors to be invited onto the new Framework Agreement was undertaken.

7.22. A review of routes won was undertaken to ensure no contractor could be awarded more than 50% of their annual turnover. There will be a call off of routes still in existence and contracts will be awarded.

7.23. The current value of the existing routes in the auction was £2.5m. The results of the auction would seem to indicate a potential future cost reduction of about 11%. The true value of the cost reduction will not be known until May 2011 following further mini competitions. As the following variables exist:

7.23.1. Twenty four existing routes have not yet been auctioned.

7.23.2. The auction contained 38 routes which no longer exist.

7.23.3. Route optimisation may change the configuration of some route vehicles and therefore the cost of the route.

7.24. The Council will appoint 4 contractors to the framework agreement per vehicle

category as below:

Cabs	Standard Minibuses	Accessible minibuses	Coaches
Contractor 1	Contractor 5	Contractor 8	Contractor 6
Contractor 2	Contractor 6	Contractor 5	Contractor 9
Contractor 3	Contractor 7	Contractor 7	Contractor 1
Contractor 4	Contractor 8	Contractor 6	Contractor 5

7.25. The E-Auction system will also be used to undertake mini competition with the providers for additional routes which will also help reduce the cost of ad-hoc routes and business use taxis for all services across the Council.

7.26. The PTS service currently has a robust monitoring system which consists of 3 quarterly monitoring review meetings and 1 annual site visit review. The new specification has kept the same monitoring structure and the Project Board are confident that the quality of provision will increase, not only as a result of the monitoring process which is in place but as a result of the new processes.

8. Chief Financial Officer Comments

- 8.1. The framework agreement provides for an annual inflationary increase to be applied based on the RPI-X index minus -3% subject to a minimum increase of +1% and a maximum increase of +2%.
- 8.2. The transport service is currently anticipating an overspend in 2010-11 of around £130,000; the proposals in this report are a key element in returning the service to a balanced financial position taking into account also an anticipated increase in the number of clients entitled to transport. In addition to these proposals the service has carried out route optimisation processes and reviewed the type of vehicles to achieve the most cost effective solution.
- 8.3. The strategy of increasing in-house provision for pupils with Special Educational Needs (SEN) which comprise by far the largest number of service users, is also expected to exert a downward pressure on costs over the longer term.

9. Head of Legal Services Comments

The EU Directive on public procurement (the Consolidated Directive), as implemented in the UK by the Public Contracts Regulations 2006 ("Regulations"), allows local authorities to enter into framework agreements with providers, and to select providers in respect of specific contracts from amongst those with which it has concluded framework agreements.

9.2 The framework agreement which this report relates to has been tendered in the EU in accordance with the Regulations, using the restricted procedure, a tendering

procedure whereby expressions of interest are invited by advertisement in the Official Journal of the EU, with a selection of the contractors who have expressed an interest being invited to submit tenders.

9.3 This report is recommending award of the framework agreement to the providers listed in Part B. These providers have been selected based on the most economically advantageous tenders submitted, in accordance with Regulation 30 (1) (a) of the Regulations.

9.4 The report is also recommending the award of the call off contracts to the providers as set out in Part B of the report.

9.5 The total estimated value of the contracts to be awarded under the framework agreement will exceed £250,000. Therefore the proposed award of the framework may only be approved by Members pursuant to CSO 11.03.

9.6 The award of this framework agreement is a key decision and the Directorate has confirmed that it has been included in the Forward Plan.

9.7 Subject to the additional comments in the exempt part of the report, the Head of Legal Services sees no legal reasons preventing Members from approving the recommendations set out in paragraph 4 of the report.

10. Head of Procurement Comments

10.1. The tendering procedure followed for this procurement was a “restricted” procedure as defined in the Public Contract Regulations whereby potential bidders were initially reduced in numbers using pre-qualification criteria and only those short-listed suppliers were then invited to tender.

10.2. The price element of the evaluation criteria was determined using a reverse auction method whereby highest scores were awarded to lowest priced bids, which when aggregated with quality scores produced an overall best value ranking.

10.3. The recommendations contained in this report therefore offers demonstrable benefits and overall Best Value to the Council.

11. Equalities & Community Cohesion Comments

11.1. Equalities principles were incorporated within the procurement process and the organisations equalities policy and procedures will be monitored as part of the contract management.

12. Consultation

12.1. [click here to type]

13. Service Financial Comments

- 13.1. The Pre-Qualification Questionnaire process included provision for the financial appraisal of contractors. Only those that met the financial criteria set were progressed to the ITT stage.
- 13.2. The current contract value amounts to c£2.5m per annum. Of this the largest element relates to the transportation of pupils with SEN. Over the period 2009-10 to 2010-11 the number of pupils with SEN have increased from 474 to 497 (+4.9%) whilst the costs have reduced from £2.532m to £2.346m (-7.3%); substantially this has been achieved through route optimisation measures.

14. Use of appendices /Tables and photographs

- 14.1. This report contains Part-B information which is not for publication.

15. Local Government (Access to Information) Act 1985

- 15.1. This report contains exempt and non exempt information.
- 15.2. Exempt information is contained in Part B and is not for publication. The exempt information is under the following category (identified in the amended schedule 12A of the Local Government Act 1972 (3)): information relation to the financial or the business affairs of any particular person (including the authority holding that information)

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