

# Audit and Performance Committee Report

<b>Meeting:</b>	Audit and Performance Committee
<b>Date:</b>	18 September 2018
<b>Classification:</b>	General Release
<b>Title:</b>	Procurement Update - <i>Annual Contract Review 2017/18</i>
<b>Wards Affected:</b>	N/A
<b>Financial Summary:</b>	N/A
<b>Report of:</b>	Chief Procurement Officer
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## 1. Executive Summary

1.1 Following Audit and Performance Committee held on 16<sup>th</sup> July, the following updates were requested to be presented at the next committee scheduled for the 18<sup>th</sup> September 2018.

1.1.1 An outline of which contracts received a waiver in 2017-18 and which of these had not been performance rated within capitalEsourcing.

1.1.2 An updated on (i) the contract management programme (ii) service area compliance in updating and evaluating contract performance within capitalEsourcing.

## 2. Recommendations

2.1 It is recommended that the Audit and Performance Committee note the contents of this report.

### 3. 2017/18 approved waivers and contract performance ratings

3.1 Of the 72 waivers approved during this period, 16 were requests to vary the mandatory evaluation criteria prior to a procurement process commencing. Therefore, this update will only consider the remaining 56 waiver requests

Table 1

Waiver Description	Total
Waiver Contract award with change to evaluation criteria	16
Waiver Directly award contract without competition	38
Waiver Non-compliant contract extension	18
<b>Total</b>	<b>72</b>

3.2 Of the 56 waiver requests, 30 related to contracts which were not performance rated. Since the report was submitted, this has reduced to 21 contracts. The table below provides an overview. It should be noted that 15 of the 21 waiver requests relate to services where the total contract value is recorded as below £100,000 and as such, contract performance ratings are not reported. Appendix 1, table1 provides details of the 6 waivers that are above £100k.

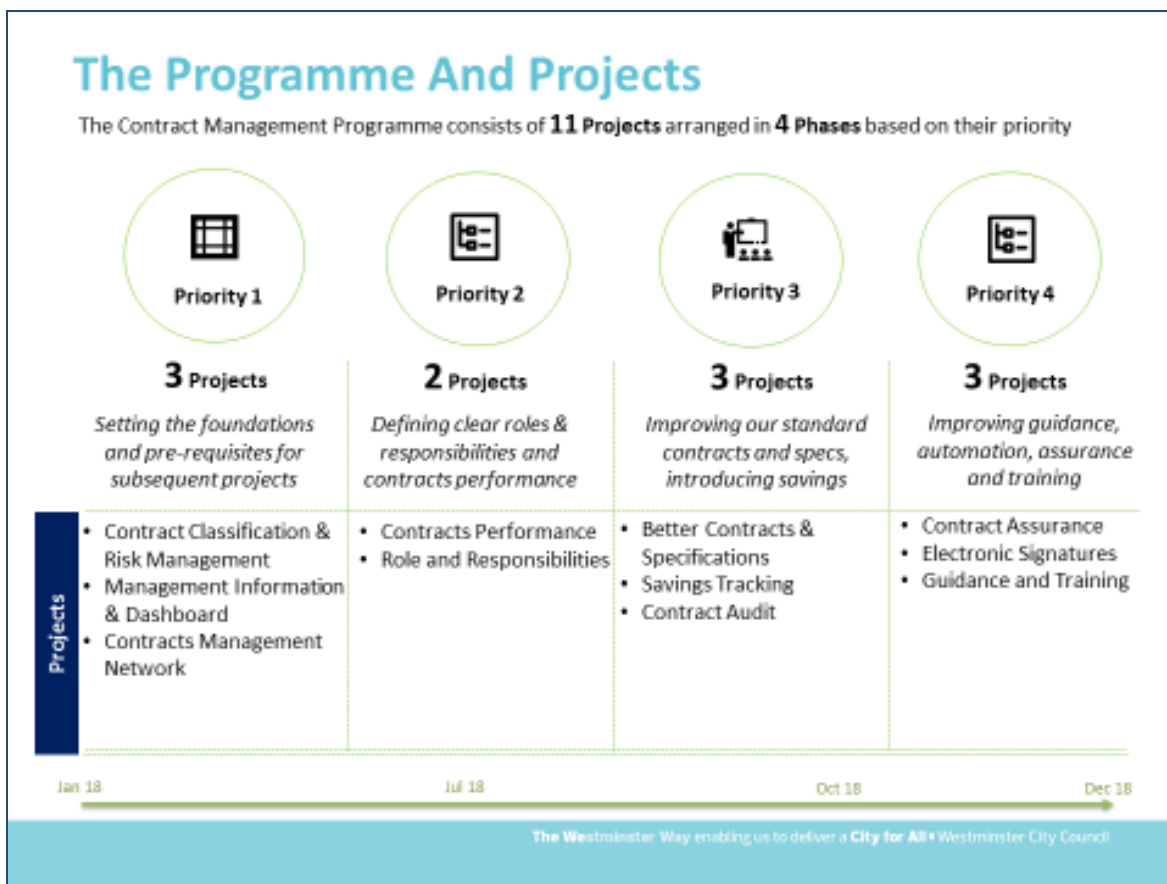
Table 2

Directorate	Nos of Waivers	Commentary
Public Health	1	1 contract which has not yet been performance rated. Working with the Directorate to update capitalEsourcing
Adult Social Care	2	2 contracts which have not yet been performance rated. Note, both contracts reported as having a total contract value below £100k
Children Services	2	1 contract above £100k which has not yet been performance rated. 1 contract below £100k which has not yet been uploaded onto the capitalEsourcing system. Working with the Directorate to update capitalEsourcing
City Management & Communities	3	2 waiver requests relates to 4 new contracts which have just recently commenced. 1 waiver request relates to 1 contract which has not been performance rated in the system. Working with the Directorate to ensure capitalEsourcing is updated.
Corporate Services	3	All three waiver requests are reported as having a total contract value below £100k. Working with the Directorate to confirm this and to update capitalEsourcing.
Growth, Planning & Housing	10	3 waiver requests relates to contracts each with a total contract value above £100k – 2 of these contracts were for short term projects and have now expired. The remaining 7 waiver requests were for contracts with a total contract value below £100k. Working with the Directorate to update capitalEsourcing
<b>Total</b>	<b>21</b>	

### 4. Contract Management Programme.

4.1 The Contract Management Programme has been streamlined from 15 to 11 projects and are now arranged in 4 phases based on their priority. An overview is provided in the diagram below. We are developing solutions with a smaller

working group, and priority 1 projects are underway and due to be delivered by quarter 3 2018/19.



## 5. Service area compliance in updating contract performance ratings in capitalEsourcing

5.1 This report show an improvement in the number of contracts performance rated in capitalEsourcing since presented to A&P (in July and at 'callover' in August). The figures below highlight the latest position using source data generated on the 1<sup>st</sup> September 2018 – All of the 181 contracts have been performance rated in capitalEsourcing.

The previous figures for the July 2017/18 report were last recorded as 51% (65 out of 127 contracts performance rated), and at 'callover' in August, were recorded as 79% (121 out of 154 contracts performance rated)

5.1.1 At the time of this report there were 300 active contracts in the capitalEsourcing system. It should be noted that the data below excludes all contracts that:

- o commenced within the last 6 months of the September; and
- o have a total contract value below £100k

This leaves 181 contracts for the purposes of this report. Table 3 below provides a breakdown.

**Table 3**

<b>Directorate</b>	<b>Above Expectations</b>	<b>Below Expectations</b>	<b>Meets Expectations</b>	<b>Not Evaluated</b>	<b>Grand Total</b>
Growth, Planning & Housing	4	3	49		56
Adult Social Care	2	2	48		52
City Management & Communities			21		21
Public Health		1	15		16
Corporate Services		2	13		15
Policy Performance and Communications	2		6		8
Children's Services		2	6		8
City Treasures Department/Finance	1		4		5
<b>Grand Total</b>	<b>8</b>	<b>10</b>	<b>159</b>	<b>0</b>	<b>181</b>

**5.1.2** 10 contracts are rated as performing 'Below Expectations' (see appendix 2, table 1)

**Appendix 1 – Waivers (6 waiver request for contracts above £100k. Contracts were not performance rated)**

**Table 1**

<b>Growth, Planning &amp; Housing</b>
<b>Waiver Directly award contract without competition</b>
<b>Wates Construction - Old Marylebone Town Hall - Fitout coordination and Installation:</b> Wates Construction have been carrying out the refurbishment works to Old Marylebone Town Hall since 2013. The main works are due to finish in July 2017 .The next stage of works that we require Wates to undertake is to coordinate the delivery of certain bespoke furnishings to the Town Hall and to carry out their installation. Wates are already engaged on site and by directly awarding the works to them we are negating the cost of a further procurement exercise and retaining the expertise of the contractor.
<b>Judge &amp; Priestley - Provision of Legal Services for Debt Recovery for City West Homes:</b> The direct award of this contract to Judge & Priestley will ensure continuity of service provided to City West Homes (CWH). It will also allow sufficient time for Shared Legal Services to re-evaluate their capacity in terms of being able to pick up the volume of work required by CWH, to implement and test a new case management system and to mobilise the resources to be able to pick up the volume of work required by CWH. The stakeholder will also be able to mobilise resources for transfer of service. If the Shared Legal Services are not in a position to deliver the service in future, Procurement Services will have sufficient time to re-procure the long term solution.
<b>Waiver Non-compliant contract extension</b>
<b>GVA Grimley - extend the management agent of the property investment portfolio for 4 months:</b> This waiver is being sought to ensure that the services of the managing agent are still being undertaken on behalf of the council whilst a re-procurement exercise for a new agent is being conducted. This waiver will ensure that rents are collected and all landlord duties are being carried out. The extension period coincides with the rent collection period and will ensure that revenue creation will continue during this period.
<b>City Management &amp; Communities</b>
<b>Waiver Directly award contract without competition</b>
<b>Cycle Confident - Cycle Training:</b> This contract was previously extended to allow a new contract to be called off from the Councils own Managed Training Services Framework Agreement that was in progress at that time. Unfortunately the Councils own Management Training Services Framework Agreement strategy did not materialise and the Council’s new approach is to use a CCS Managed Training Services Agreement with Capita. As this new strategy is yet to be fully implemented, the approach is that the existing contract with Cycle Confident is extended for an additional 6 months to 31st March 2018 to allow WCC to be fully engrossed with Capita's Framework Agreement. In addition the costs to access Capita via their Framework Agreement would transpire that the service area would be over budget for Cycle Training. There is an option to use the RBKC Road Safety Services Framework which is more specific to the needs of the service as WCC have been named on and able to access. However, the implementation will take at least 3 months to implement but the competitive tendering process has been completed and opens up a plethora of providers for road safety training and the use of other such services. The RBKC Framework runs from 2015 to 2020 (with an optional 2 year extension thereafter).

**Public Health**

**Waiver requests Non-Compliant Contract Extension**

**Action for Children - Standing Tall (Domestic Violence Prevention in Schools):** The Standing Tall contract is scheduled to end mid-way through an academic year which will be detrimental to the relationships with clients and the service as a whole. The proposed extension period will ensure continuity of this school based service up to the end of the current academic year. The intension going forward will be to incorporate the Standing Tall service into the contract for Healthy Schools (HS) and Healthy Early Years (HEY) which is due to expire on 31st August 2018. The procurement is scheduled to commence in Spring 2018 with a contract start date of 1st September 2018. This 5 month direct award allows for the Standing Tall services and the HS and HEY service to be included within the same procurement/contract leading to contract management efficiencies and potential cost savings.

**Children Services**

**Waiver requests Directly award without competition**

**KIDS: Key working and Portage Home Learning:** This direct award will allow for an interim period to pilot a new model and ways of working with the incumbent provider. This is recommended because:

- more time is needed to review the service model before undertaking a competitive tendering process
- the pilot and review of this new service model is aligned to a wider suite of changes underway, so the system can be refined as a whole before longer term arrangements are made via a competitive tendering exercise
- new opportunities created by the Bi-borough arrangement can be considered.

The award has been redesigned to improve both quality and value for money, with estimated annual efficiency savings of £80,000

## Appendix 2 – Contract Performance ratings

### 1) 10 contracts rated as performing ‘Below Expectations’

Table 1

<b>Adult Social Care: 2 contracts rated as ‘Below Expectations’</b>				
<b>Contract Start date</b>	<b>Contract End Date</b>	<b>Supplier Name</b>	<b>Contract Title</b>	<b>Contract Value</b>
07/08/2000	31/07/2019	Yarrow Housng Ltd	Elmfield Way Residential Care Service	£12,050,000
Commentary: CQC ratings (overall and individually) fell from Good to Requires Improvement. Improvement Plan put in place. Identified need to re-spec service due to limitations of property and increasing need.				
01/11/2015	30/10/2020	Vincentian Care Plus	Provision of Home Care Services for Westminster - Vincentians	£14,700,000
Commentary: Not inspected but on final warning notice from CQC				
<b>Children Services: 2 contracts rated as ‘Below Expectations’</b>				
<b>Contract Start date</b>	<b>Contract End Date</b>	<b>Supplier Name</b>	<b>Contract Title</b>	<b>Contract Value</b>
11/04/2016	10/04/2019	Caterlink	WCC School Meals Mini-competition	£7,500,000
Commentary: Within this contract there have been concerns over supplier compliance through supply to delivery of food products which did not achieve the required standards in order to be compliant with the halal meat offer. The contractor is currently with critical default notices. Following investigations an action plan and additional monitoring of the supply chain and ordering system have been put in place. Review of this plan has been completed with additional reporting required from the contractor to the LA to include evidence of compliance of the action plan. Ad hoc reviews and visits to supplier are planned for summer break and throughout the Autumn Term. (July 2017)				
12/01/2017	02/01/2019	DA Language	Language Services- Westminster	£153,342
Commentary being obtained				
<b>Corporate Services: 2 Contract performance rated as ‘Below Expectations’</b>				
<b>Contract Start date</b>	<b>Contract End Date</b>	<b>Supplier Name</b>	<b>Contract Title</b>	<b>Contract Value</b>
01/06/2013	31/05/2019	BT Global Services	Managed Services for HR, payroll and finance	£9,478,000
Commentary: Well documented below par performance of this contract relating to still outstanding transition activities and general performance. Exit plan fully in progress with transition to a new provider scheduled to complete in the Autumn September 2018				
18/12/2017	17/12/2018	Capita Business Services Limited	Managed Learning Services - Capita	£588,000
Commentary: The provider did not communicate clearly their processes and the on boarding of our preferred sub-contractors; the account manager was not receptive to any of our requests and was not proactive in supporting us in to the contract. This has been addressed by a new				

account manager put in place. A performance plan is being put in place and the provider will be monitored closely - this will be added to their SLA's and KPI's.				
<b>Growth, Planning &amp; Housing: 3 contracts rated as 'Below Expectations'</b>				
Contract Start date	Contract End Date	Supplier Name	Contract Title	Contract Value
01/10/2013	30/09/2023	Amey	Tri-Borough Total Facilities Management Contract and London boroughs framework agreement	£61,924,841
The LINK who act as the Intelligent Client Function on behalf of the Councils monitor the performance of Amey who provide the Total Facility Management Services across the Estate in accordance with the Services Matrix. The LINK currently have raised concerns with Amey regarding Hard FM Services and this is being managed through various Boards and Senior Management meetings at CEO level. A recovery plan is agreed and this is monitored to ensure full contract compliance. (Updated 10th Aug 2017)				
15/08/2017	30/09/2018	Amber Construction Services Ltd	WCC Infills - Tothill House - Conversion	£281,148
There have been a number of challenges on the project and the supplier has not been proactive to provide solutions. 4 weeks left to project completion and will be closely monitored.				
26/10/2017	31/12/2018	ECD Architects	Infills - Package 3 Estate Offices Conversion MDDT	£435,850
Commentary being provided				
<b>Public Health: 1 contract rated as 'Below Expectations'</b>				
Contract Start date	Contract End Date	Supplier Name	Contract Title	Contract Value
01/10/2015	30/09/2019	Central London Community Healthcare NHS Trust	Contract for the Provision of PH 0-5 and FNP -WCC	£12,752,356
This contract is still performing 'below expectations' we are working with the supplier to improve performance. An action plan is now in place and reviewed at fortnightly meetings and it has also been escalated internally. Some improvement has been made and we anticipate that the majority of improvements will be completed by the end of June.				