



Audit and Performance Committee Report

Meeting:	Audit and Performance Committee
Date:	30 June 2016
Classification:	General Release
Title:	Annual Contract Review 2015/16
Wards Affected:	N/A
Financial Summary:	N/A
Report of:	Chief Procurement Officer
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1. Executive Summary

- 1.1 This report forms the Annual Contracts Review for consideration by the Audit and Performance Committee, in accordance with their Terms of Reference, specifically those listed below:
 - 23. To maintain an overview of overall contract performance on behalf of the Council.
 - 24. To review and scrutinise contracts let by the Council for value for money and adherence to the Council's Procurement Code.
- 1.2 **55** contracts over the value of £100,000 and **63** contracts with a value of less than £100,000 commenced in 2015/16 in accordance with the requirements of the Procurement Code, as indicated in appendix A.
- 1.3 There were **29** extensions and **6** variations of existing contracts as highlighted in Appendix B.
- 1.4 In exceptional circumstances a waiver to the requirements of the Procurement Code may be obtained from the Chief Procurement Officer. Appendix C provides details of the **55** requests for waivers that were approved and the **6** instances of non-compliance due to retrospective waivers being sought.

- 1.5 The performance of live contracts in 2015/16 is shown in Appendix D.
- 1.6 The Council's eSourcing Platform, capitalE sourcing provides evidence based robust means of managing the end to end procurement process.
- 1.7 A Tri-Borough Contracts Management Framework is available, which creates a consistent approach to Contracts Management that will be applied to all external third party relationships.
- 1.8 There is a comprehensive programme of development in place for Procurement Services over the next 12 months and a structured approach is in place to deliver the projects that enable us to achieve our vision of ***Procurement Excellence***.

2. Recommendations

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

3. Background, including Policy Context

3.1 The format of reporting focuses on the Executive Management Team (EMT), as the EMT is responsible for the overall management of the Council, for setting and monitoring overall direction, ensuring high performance and for overall risk and reputation management. Cabinet portfolios have been designed to create parallel responsibilities where possible.

- **Chief Executive: Charlie Parker**
(Head of Paid Service)
- **Tri-Borough Executive Director of Children's Services: Andrew Christie**
(Children's Services Commissioning function, including Social Care and Family Support Services; Schools; and borough-based provision protecting children and supporting families).
- **Tri-Borough Executive Director of Adult Social Care Services: Liz Bruce**
(Adult Social Care and Public Health).
- **Strategic Director for City Management and Communities: Stuart Love**
(Community Services; Highways Infrastructure & Public Realm; Strategy & Development; Waste & Parks; Public Protection & Licensing; Libraries & Archives & Registrars; Parking Operations)
- **Executive Director for Planning and Housing: Ed Watson**
(Economy; Strategic Projects; Housing & Regeneration; Property, Investment and Estates; Planning; City Transport).
- **Bi-Borough Director of Corporate Services: John Quinn**
(Information Services; People Services; Procurement Services).
- **Director of Policy, Performance and Communications: Julia Corkey**
(Change Programme Management Unit; Cabinet Secretariat and Member Services; Campaigns and Customer Engagement; Evaluation and Performance; Policy and Strategy)
- **City Treasurer: Steven Mair**
(Financial Services)

3.2 This report is a summary of contract data taken from capitalSourcing and the minutes of Gate Review Panel and Tri-Borough Contracts Approval Board meetings.

4. Procurement Governance

4.1 The award and management of contracts has been governed by the Council's Procurement Code version 1.13, which was published on 03 Nov 2015 and is still in place.

4.2 Peer Reviews oversee the procurement of contracts up to £100,000, providing challenge and rigour. Peer Reviews are led by the Nominated Authorised Officer and are made up of a combination of appropriate officers such as Commissioners, Category Managers and Finance Managers. The level of

challenge should be proportional to the cost and complexity of the procurement activity being reviewed.

- 4.3 The Gate Review Panel is a senior officer group responsible for overseeing contract letting, contract management, extensions and variations to existing contracts within the Council for contracts over £100,000. The Panel, chaired by the Chief Procurement Officer, provide strategic advice and define and disseminate best practice.
- 4.4 Procurement is centre led and a Category Management approach has been adopted. Category Management is a cross functional approach that uses the expertise of the City Councils service departments alongside professional procurement skills (such as CIPS¹ qualified officers) to effectively manage the organisation's spend.
- 4.5 Procurement Services developed the Tri-Borough **Contracts Management Framework**, which is a significant first step towards improving contract management practice. The **Managing Successful Contracts** training has been rolled out across Westminster, RBKC and LBHF and has received very positive feedback. This feedback has been captured and is being used to further develop the approach to contract management and will be incorporated into the ongoing training that is provided.

5. Procurement Systems

- 5.1 In January 2014 the new eSourcing tool for Tri-borough (capitalE sourcing) went live. capitalE sourcing is an end-to-end eSourcing Platform and all stages of the procurement process, including supplier engagement, tendering, contracts management and strategic supply management are conducted through the system.
- 5.2 The capitalE sourcing contracts register is regarded as the "single source of truth" and forms the basis for reporting on contract information across the Council. Through training and regular communications, it has been made clear to Contract Managers that it is a mandatory requirement to ensure that records are accurately maintained and regularly updated. Regular reports are submitted to the Executive Management Team (EMT) outlining the level of compliance across the Council. It is evident that, on the whole, compliance is improving.
- 5.3 A restructure of the organisational set up within **capitalE sourcing** was successfully managed, enabling a more flexible and relevant tool. Earlier this year the provider of capitalE sourcing issued a major update of the system which included a significant change to the look and feel. This transition was successfully implemented with full support and training provided for the users and no major issues were raised.

¹ Chartered Institute of Procurement and Supply

5.4 Compliance regarding completion of mandatory fields has increased overall since 2014/15 from **41%** to **94%**. Compliance regarding completion of contract performance data has increased from **30%** to **63%**. Procurement Services are working with the Services to ensure that all contracts are evaluated a minimum of once per annum.

6. Professional Development

6.1 Some team members are studying for their CIPS qualification and an ongoing training programme ensures that all team members are kept up to date with procurement related legislation.

6.2 During 2015/16 the Chief Procurement Officer implemented a rolling training programme “Procurement & Commercial Training Programme” that included:-

- Category Management - mandated for all procurement staff
- Contracts Management Framework - mandated for all Commissioners, Contract Managers and Procurement staff
- Legal Aspects & Contract Development (Back to basics) – mandated for all procurement staff
- EU Procurement Directive

6.3 During 2016/17 the “Procurement & Commercial Training Programme” is being refreshed and will include updates to the 2015/16 programme. In addition the following will be included:-

- Specification Writing
- Negotiation
- Finance for non-Finance Managers.

7. Chartered Institute of Procurement & Supply

7.1 Procurement Services has finalised the Council’s submission to the Chartered Institute of Procurement & Supply for the CIPS Corporate Certification Standard. The standard measures five key dimensions; (1) Leadership and Organisation, (2) Strategy, (3) People, (4) Processes and Systems and (5) Performance measurement and management.

7.2 Undertaking a formal review and achieving the CIPS Corporate Certification supports Westminster City Procurement Services in achieving its long-term strategic plan and will:

- provide a progressive pathway to “best in class” procurement and supply excellence;
- build efficient, effective and economic ways of working;
- lower costs;

- strengthen risk management;
- increase control through performance management;
- boost our reputation and credibility;
- build stronger stakeholder relationships;
- improve morale and motivation of procurement staff;
- establish a robust, ethical approach;
- generate competitive edge

7.3 It is expected that the Council will receive confirmation of achieving Corporate Certification on 18th July 2016.

8. High profile contracts awarded in 2015/16

8.1 During 2015/16, procurement activity commenced for a number of complex and high profile contracts which are summarised below.

- **Print and Document Management.** Procurement Services took the lead on the consolidation of services relating to printing and document management – such as digital mail, multi-functional devices (MFDs), print management and reprographics. These all now fall under a single supplier framework agreement with Ricoh which is managed by a Corporate Contracts manager in Procurement Services. The new fleet of MFDs was rolled out across all Council locations in September. A new print shop went live at the end of August. Parking went live with their digital mail service in October and Planning went live in November in line with their departmental transformation. The framework is also available to 19 other local authorities and we continued to work with Ricoh to promote services which, if taken up, would create a revenue stream for the Council.

A four (4) year framework was awarded to Ricoh UK Ltd to deliver the outsourced Print and Document Management services and Westminster City Council proceeded with an immediate call-off. Based on the pricing submitted by the successful supplier, Ricoh UK Ltd, of £6.5M over 5 years, which takes into consideration all potential costs as known, the cost difference between the estimated 5 year spend and the new contract costs of £6.5M shows a potential notional savings opportunity of £4.7M over a 5 year period across all services. Realisation of these savings will be phased with initial savings being delivered as part of the MFD roll out. The framework names 19 other Local Authorities and if any call off from this Framework this will trigger management fees of 2% payable to WCC.

Following the refurbishment of City Hall a decision will need to be made as to the relocation of the Print Shop that is currently located on the 15th floor. There are several options which include relocating back in to City Hall, locating off site but within Council offices i.e. a Library (subject to space availability) or potentially to create a commercial opportunity which would be

subject to Cabinet Member approval. If the print services are located off site, consideration of confidentiality and service levels will need to be addressed.

- **Leisure centre management.** We successfully identified a number of promising suppliers in leisure centre procurement as a result of our early market engagement. We targeted the delivery of social value from this contract. Working with the Employment and Skills teams a specific section on employment and skills was included in the specification we issued, which has resulted in a number of new apprenticeships, mentoring and work experience benefits for local residents. The contract was awarded to Sport & Leisure Management (SLM) Ltd.

The contract duration is 10 years from 1st July 2016 with an option to extend for a further 5 years. The contract generates a net income to the Council.

The short, medium and long term goals in leisure services are as follows:

- Improved marketing and communications activities.
 - To maximise the breadth and accessibility of leisure services and to promote 'ActiveWestminster' and Public Health outcomes in particular.
 - A balanced set of sports and leisure programmes including new programmes in gymnastics, badminton, netball, football and trampolining, and new 'free to access' sport and physical activity programmes.
 - An innovative package of capital investment proposals across the leisure portfolio.
 - Strong support for local talented athletes through the Council's Champions of the Future Programmes including funding to support training, travel and equipment expenses for athletes and new mentoring schemes.
 - To increase income delivered by the contract and the net income to the Council in order to support the delivery of the Council's Medium Term Financial Plan (MTP).
- **Libraries.** Cabinet Members for the three boroughs have taken a decision to proceed with the in-house model for service delivery to meet the target savings for 2017/18. They considered carefully whether an external partner could help us deliver savings but consider at this time that the in-house approach offers better opportunities to deliver savings whilst continuing to provide a high quality service.

LBHF has a specific commercial ambition to generate further income to meet the vast proportion of its savings target. The Libraries Future Delivery programme will deliver a proportion of their savings through the re-designing of the shared element of the service. LBHF are in the process of deciding whether they want to explore a trust model: this is an option and needs considerable further work before viability can be determined. In any case

there will be savings from the shared element of the Tri-borough service for all three boroughs.

- **Core Community Drugs and Alcohol.** The procurement has been completed and award letters have been issued to Turning Point for Lot 1 and Crime Reduction Initiatives for Lot 2. The total value of the two contracts for the Council will be £11 million over the three year period. This represents a saving of £5.9 million against the allocated budget.

Funding for the substance misuse contracts comes from the ring-fenced Public Health Grant. There is no funding from grants or other sources.

- **Church Street.** Building Design Partnership Ltd (BDP) was awarded the contract for Landscape Architect for the Green Spine and public realm as part of the Church Street regeneration programme. The total cost of the contract is £299,450.
- **Dudley House.** Willmott Partnership Homes have been appointed to provide Pre Construction Services leading to a Design and Build contract. As part of this appointment Willmott Partnership Homes has procured a full Design Team to work towards a Planning Application and beyond. The scheme achieved Detailed Planning Consent in April 2016. The Building Contract will provide 197 new homes for affordable rent, as well as a new 840 pupil school for the Marylebone Boys School, a new church and some commercial space. We are programmed to agree Contract terms with Willmott Partnership Homes in late 2016. The commencement of the works will then follow and the school is programmed to complete in late June 2018 and open for September 2018 providing the programme can be accelerated, this is the subject of a Briefing Note to Cabinet Members now. The remainder of the scheme completes in May 2019. Demolition of the existing buildings on site is already underway.
Construction costs: c £72 million
- **Lisson Arches.** United Living was appointed through a Pre Construction Services Agreement (PCSA), as part of a two stage tender process, to carry out the detailed design for Lisson Arches and to progress the design from RIBA Stage 3 to Stage 4. The scheme has planning permission for 58 new apartments, 1 Manager's flat and Enterprise Space. In addition a consultant was procured to carry out the services of Contract Administrator, Employers Agent and Cost Consultant. The utilities (enabling works) are starting on site in July 2016, the enabling works are being carried out by FM Conway as a call off from the NEC3 Term Contract (The New Engineering Contract (NEC), or NEC Engineering and Construction Contract, is a formalised system created by the Institution of Civil Engineers that guides the drafting of documents on civil engineering and construction projects for the purpose of

obtaining tenders, awarding and administering contracts) between WCC and FM Conway. It's estimated that the site will clear in May 2017.
Construction costs: c £31 million

- **City Hall Refurbishment.** Bond Dickinson was appointed in April 2015 as legal advisers following a mini competition from the Crown Commercial Services framework to advise on the appointment of the professional team and building contractor, securing vacant possession of Westminster City Hall, seeking landlords consent for the proposed works, leasing temporary accommodation for occupation by WCC during the refurbishment, planning agreements and the subletting of vacant accommodation post refurbishment.

In July 2015 Cabinet approved the procurement of a full professional team. Faithful and Gould were procured from the Scape framework on an NEC3 form of contract to provide project management and design team services for the refurbishment of Westminster City Hall. The appointment was approved by Gate (1&2) in November 2015 and the appointment was completed in March 2016.

- We have developed and implemented the Council's approach to **Responsible Procurement**, which has been piloted with 8 procurements of varying size and category. Each pilot has been reviewed to determine where added value can be obtained under the three priority areas of: **Employment and Skills, Support for Local Businesses and Communities** and **Promoting Greater Environmental Sustainability**. Our approach incorporates procurement's requirements under the Public Services (Social Value) Act 2012. We have learnt a great deal from the approach that we have taken and can now start to build Responsible Procurement into the Council's standard practice.

The pilots are listed below:

The first 3 have been awarded.

1. Management of Westminster's Leisure Services
2. Edward Allsop Court, a hostel for 50 year old+ men with complex needs
3. Animal Wardens

The following are yet to be awarded

4. Berwick Street Market
5. Sexual Health Promotion & Support Services
6. Sexual Health, Genitourinary Medicine services
7. Grounds Maintenance
8. Refurbishment of City Hall
9. Church Street masterplan

9. Exceptions circumstances, Waivers and Emergencies

- 9.1 It is recognised that there are instances where the requirements of the Procurement Code cannot be precisely followed so a waiver of the relevant section of the Code must be sought from the Chief Procurement Officer. Sufficient justification must be provided in the form of responses to key questions set by Procurement Services. If the contract value exceeds £1.5m (£300k for consultancy agreements) a Cabinet Member decision is required.
- 9.2 Where it has not been possible to precisely follow the requirements of the Procurement Code, and a waiver needs to be sought, value for money can still be obtained for the City Council. Extensive market research and benchmarking of costs /providers is still carried out where possible. Where service provision needs to continue and a competitive process cannot be carried out for some reason, existing contracts are extended, and in most cases those contracts will have been let via a competitive process in the first place.
- 9.3 The number of requests for waivers is indicated in **Table 1** below.

Table 1

	Number of waivers				
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total
2014/15	20	19	28	37	104
2015/16	13	8	15	19	55

Note: A single request for a waiver may be part of a wider strategy that incorporates more than one contract.

9.4 **Table 2** below provides a breakdown of the reasons why waivers were sought, by type of waiver and Directorate, in 2015/16. It should be noted that **55%** of the total number of waivers related to contracts where the total value did not exceed £100k.

Table 2

	No of waivers		Grand Total
	Under £100k	Over £100k	
Waiver Contract award with change to evaluation criteria			
Children's Services (Andrew Christie)		1	1
Westminster Finance (Steven Mair)		1	1
Sub total		2	2
Waiver Directly award a contract without competition			
Adult Social Care and Public Health (Liz Bruce)	3	1	4
City Management and Communities (Stuart Love)	3	1	4
Corporate Services (John Quinn)	2		2
Growth, Planning and Housing (Ed Watson)	6	1	7
Policy, Performance and Communications (Julia Corkey)	1	2	3
Westminster Finance (Steven Mair)	1		1
Sub total	16	5	21
Waiver Non compliant contract extension			
Adult Social Care and Public Health (Liz Bruce)	4	8	12
Children's Services (Andrew Christie)	3	3	6
City Management and Communities (Stuart Love)	2	4	6
Corporate Services (John Quinn)	1	1	2
Growth, Planning and Housing (Ed Watson)	1		1
Westminster Finance (Steven Mair)	1	1	2
Sub total	12	17	29
Waiver Quotes to be sought instead of tenders.			
Westminster Finance (Steven Mair)		1	1
Sub total		1	1
Waiver to appoint agency staff without using the Council's appointed Temporary Agency Contractor service.			
Corporate Services (John Quinn)	1		1
Westminster Finance (Steven Mair)	1		1
Sub total	2		2
Grand Total	30	25	55
	55%	45%	

9.5 **115** contracts were awarded based on the **55** waivers approved, which were sought as part of wider strategies. The list below gives details of occasions where one waiver has been sought which resulted in a number of contracts being awarded. In summary, a total of **8** waivers have been sought which impact on **68** individual contracts.

Directorate	No of contracts	Qtr	Description	Reason
Children's Services (Andrew Christie)	14	Qtr 1	Youth Services - currently provided by a number of voluntary and community sector providers	As agreed by Cabinet on 23 Feb 15 and the Council on 4 Mar 15, Early Help Youth Services will be re-commissioned from Apr 16. Current contracts included provision to extend for up to 12 months which has already been used. The requirement to carry out a consultation as part of the Early Help Services consultation meant timescales to re-commission were pushed back and therefore a waiver in order to award direct contracts for a period of 6 months is sought to ensure the continued delivery of service, make required savings and to align contract start dates with the financial year.
Children's Services (Andrew Christie)	13	Qtr 4	Youth Services - currently provided by a number of voluntary and community sector providers	The intention was to commission services via a competitive tender from October 2015 onwards. As part of the medium term plan (MTP) savings review, the decision has now been taken not to retender for youth services. The youth services budget will reduce by 50% in 2016-17 and be deleted completely from 2017-18. In order to support contracted providers to develop sustainable delivery models and plan for the post contract period, existing contractors will be direct awarded a further six months funding until 30th September 2016. Performance of providers against current specifications is generally good.
Adult Social Care (Liz Bruce)	5	Qtr 1	Provision of Older Peoples' Preventative Services	The direct award of these contracts, where no further extension provision exists, is required to deliver service continuity and stability whilst the requirements of the Care Act 2014 are implemented, and a strategic review of these and other preventative services is completed. The outcome of the review will inform the procurement approach. There is now a statutory obligation under the Care Act 2014 for local authorities to provide a diverse range of services that

Directorate	No of contracts	Qtr	Description	Reason
				prevent, delay, or reduce care needs. These voluntary sector preventative services are key to ensuring that the Council is compliant with the Act.
Adult Social Care (Liz Bruce)	2	Qtr 1	Mental Health Day Service	The direct award of these contracts, where no further extension provision exists, is required. These recommendations are sought so that there is sufficient time to undertake the outstanding strategic review of mental health day services in Westminster. This review has been outstanding due to staffing changes within the Joint Commissioning Team, but with the appointment of a 12 month senior commissioner post for mental health within Adult Social Care, it is now due for completion by October 2015 with procurement strategies to be presented in December 2015.
Adult Social Care (Liz Bruce)	4	Qtr 1	Professional Advocacy Services	The direct award of these contracts, where no further extension provision exists, is required. This is required to ensure there is not a gap in the provision of these statutory services whilst the outcome of the procurement of a suite of new shared Professional Advocacy services is determined.
Adult Social Care (Liz Bruce)	7	Qtr 4	Professional Advocacy Services	An award of Professional Advocacy services, following a tender, was not agreed by Hammersmith & Fulham Cabinet Members owing to a shift in their priorities following the change in administration that occurred during the course of the tender. Cabinet Members were briefed at the time and agreed informally that services continue whilst a project team develop an alternative deliverable solution for Advocacy services. Therefore, a request to waive the requirement to go out to seek quotes for 4 Professional Advocacy services and 3 Self-Advocacy services was sought.
Adult Social Care (Liz Bruce)	17	Qtr 2	Public Health Services (community sexual and reproductive health services)	The current map of community sexual and reproductive health services is complicated with significant levels of duplication in provision including multiple small providers. This results in confused pathways for access to services. Full redesign is required to deliver efficient and effective sexual and reproductive health services that are responsive to the needs of our residents and promote the positive culture of good sexual health. To

Directorate	No of contracts	Qtr	Description	Reason
				<p>ensure the re-procurement project can be completed it is recommended that direct awards of contract are made for a reduced number of community sexual and reproductive health services. Community sexual and reproductive health existing contracts do not have an extension option that can be exercised. This approach it will benefit the three authorities as it will allow the re-commissioning project to align with the GUM (Genito Urinary Medicine) Transformation Project and allow sufficient time to engage with adult's services, children's services and other stakeholders around the future model.</p>
Adult Social Care (Liz Bruce)	6	Qtr 4	Accessing Health Services	<p>Work has been ongoing across the department to redesign services in order to achieve savings from a group of contracts within the Public Health budget for Health Improvement. Cabinet Member steer was to proceed with each contract on an individual basis but ensuring contracts were not extended beyond 31st March 2017 in the view of the public health wider review of services. Approval has been sought and granted for waivers of the procurement code to approach the current providers for a single quote, rather than the minimum of three quotes normally required. Rationale for waivers included the following points:</p> <ul style="list-style-type: none"> • Each contract is under £100k • There is very limited or no alternative provider in the marketplace for each contract • Services will only be required for one year with no provision to extend • No services are expected to continue beyond March 2017 in their current form; stability of provision is essential to minimise impact on service users and maximise exit strategies • Efficiencies of between 5% and 10% are expected for each contract to reach the proposed savings target above • Good relationships exist with current providers, all of which have given verbal assurance that efficiencies for 2016/17 are achievable.

10. Contracts extended and/or varied in 2015/16

10.1 Appendix B gives an overview of the 29 extensions and 6 variations that were made to live contracts in 2015/16, where there was provision to do so.

	Number of:	
	Extensions	Variations
2014/15	101	15
2015/16	29	6

11. Overall Contractual Performance of 'Live' Contracts Over £100,000 during 2015/16

11.1 The Contract Manager is responsible for monitoring contract performance.

11.2 Contractor performance is assessed using four categories, shown below:

- Exceeds Expectations;
- Meets Expectations;
- Below Expectations;
- Critical Failure.

11.3 Those contracts which were assessed in capitalEsourcing either “**Met Expectations**” or “**Exceeded**” expectations and three contracts were “**Below expectations**”. Out of the **192** contracts which had a total value exceeding £100,000, **63%** were assessed on the system, which is a significant increase on the **10%** assessed in 2014/15. Additional engagement in 2016/17 will aim to significantly increase the number of contracts assessed in capitalEsourcing acknowledging that Services performance manage their contracts outside of the system.

11.4 **Table 3**, below, shows a breakdown of contract performance by Contracting Authority which is Westminster City Council (WCC). The list of non WCC departments directly below are shown because the Contract Manager is a Tri-borough contracts manager and does not necessarily work directly for WCC, so it is their department which is shown.
Finance & Corporate Services (H&F)
Finance & Corporate Services (RBKC)
Transport & Tech Services (RBKC & H&F)

Table 3

By Contracting Authority	Above Expectations	Meets Expectations	Below Expectations	Not Evaluated	Total	12/04/2016
Adult Social Care		31		2	33	94%
Children's Services		4		10	14	29%
City Management and Communities (WCC)		20	1	6	27	78%
City West Homes (WCC)		3		17	20	15%
Corporate Services (WCC)	1	7		5	13	62%
Finance & Corporate Services (H&F)		2		1	3	67%
Finance & Corporate Services (RBKC)				1	1	0%
Growth, Planning & Housing (WCC)	5	18		13	36	64%
Libraries				1	1	0%
Policy, Performance and Communications (WCC)		3	2	3	8	63%
Public Health		16		9	25	64%
Transport & Tech Services (RBKC & H&F)				1	1	0%
Westminster Finance (WCC)		8		2	10	80%
City of Westminster	6	112	3	71	192	63%

11.5 Three contracts were assessed as “**Below Expectations**” and the reasons were sought from the Contract Managers and they are set out in **Table 4** below.

Table 4

Contract Code	Contract Title and brief description/scope	Contractor	Reason for assessment and outcomes
ecm_WCC_3980	<p>Kerbside Management: Business Processing and Technology Services.</p> <p>Provide an end-to-end Business Processing and Technology (BPT) solution for the management of the kerbside. Services to provide and maintain the requisite technology architecture (hardware, software, integration and interface components), as well as the end to end operating processes with the necessary skilled resources.</p>	NSL Ltd	<p>Since the contract went live in November 2014 there have been outstanding project deliverables that remained undelivered, missing Key Performance Indicators (KPI) data and a solution which has impacted the customer experience.</p> <p>Westminster engaged with NSL at every point and supported them to get a stable operation around the key issues. In Nov 2015 two formal letters were issued to NSL. One addressed 'Project Closure' and outstanding deliverables. The second letter addressed the issue with outstanding KPIs (service failure) and solution areas of concern.</p> <p>Since the letters were sent to NSL; two distinct work streams were delivered by NSL. They produced a correction plan to deliver the project closure deliverables. This has been partially delivered. For the issues raised in the second letter, a partial</p>

			<p>correction / service enhancement plan is currently being worked through.</p> <p>The work being undertaken with NSL is acceptable; however, this does not detract from the issues seen and length of time it has taken to get to this point, hence the 'below expectation's' throughout.</p>
ecm_WCC_3735	<p>Into Work</p> <p>Cross River Partnership is managing a programme which aims to provide training to 1,200 unemployed residents, support 800 into work, and help 600 to sustain in work for 26 weeks.</p> <ul style="list-style-type: none"> • This programme covers the central London sub-region. • It is entirely funded by the City of London Corporation. As part of the grant agreement, Cross River Partnership was required to appoint charities or community interest companies to deliver the service. • A procurement exercise was run, with support from Westminster's procurement team, to appoint delivery partners. 	Groundwork London	<p>The providers were not achieving the targets set out in their contract to help workless central London residents into employment. Performance was reviewed on a monthly basis and measures put in place to increase performance. The contract with Groundwork was reduced by more than half to more achievable levels. The Contract Manager then completed further commissioning and increased contracts of more successful providers (in line with Westminster's procurement code and legal guidance) to reallocate these outcomes and this funding to other providers across the programme. The contract with Groundwork is grant funded and outputs based, so this under-delivery did not negatively impact on Westminster's budgets. They were only paid for the outcomes that they achieved. The main part of the programme has now finished, and Groundwork exceeded their revised target.</p>
ecm_WCC_3739	<ul style="list-style-type: none"> • The contracts held with these providers cover training & support of unemployed or economically inactive residents, brokerage into paid jobs by working directly with employers, and support to help the candidates stay in work for 26 weeks once they start. • The programme has outputs-based funding with set unit costs, so providers have only been paid for what they have achieved. 	Communities into Training and Employment	<p>The providers were not achieving the targets set out in their contract to help workless central London residents into employment. Performance was reviewed on a monthly basis and measures put in place to increase performance. The contract with Communities into Training and Employment is grant funded and outputs based, so this under-delivery did not negatively impact on Westminster's budgets. They were only paid for the outcomes that they achieved. The main part of the programme has now finished, and CITE's performance has improved but they have not met their overall target.</p>

11.6 Six contracts were assessed as “**Above Expectations**” and the reasons were sought from the Contract Managers and they are set out in **Table 5** below.

Table 5

Contract Code	Contract Title Start and End date	Contractor	Reason for assessment and outcomes
ecm_WCC_4220	Temporary Accommodation Supplier – RMG 07/01/13 to 02/01/17	RMG Ltd	RMG have exceeded expectations due to their response to the Temporary Accommodation related MTP schemes and in delivering additional units in a challenging market.
ecm_WCC_4218	Temporary Accommodation Supplier – Genesis 02/01/06 to 31/03/17	Genesis Housing Association	Genesis continues to secure use of a large block in Frampton Street which continues to be used by homeless households when the owners were asking for a substantial rent increase.
ecm_WCC_2949	Passage House Hostel 01/04/04 to 31/03/17	Passage 2000	Passage House have been exceeding expectations but performance has dipped lately and they will be assessed as ‘meeting expectations’.
ecm_WCC_2947	Montfort House Supported Housing 01/04/04 to 31/03/17	Passage 2000	Montfort House provides an excellent service achieving outstanding results with the longest term entrenched rough sleepers. They are a very cost effective service and the building design and set up is very good.
ecm_WCC_2941	The Lodge 01/04/04 to 31/03/17	St Mungo’s	The Lodge is an innovative out of borough resource that is very cost effective and is also getting off the street the most long term rough sleepers.
ecm_WCC_6744	Print and Document Management Services Call-Off 01/09/15 to 31/08/20	Ricoh UK Ltd	Data to be completed for Audit & Performance Committee June 16.

12. Developments in Procurement Services

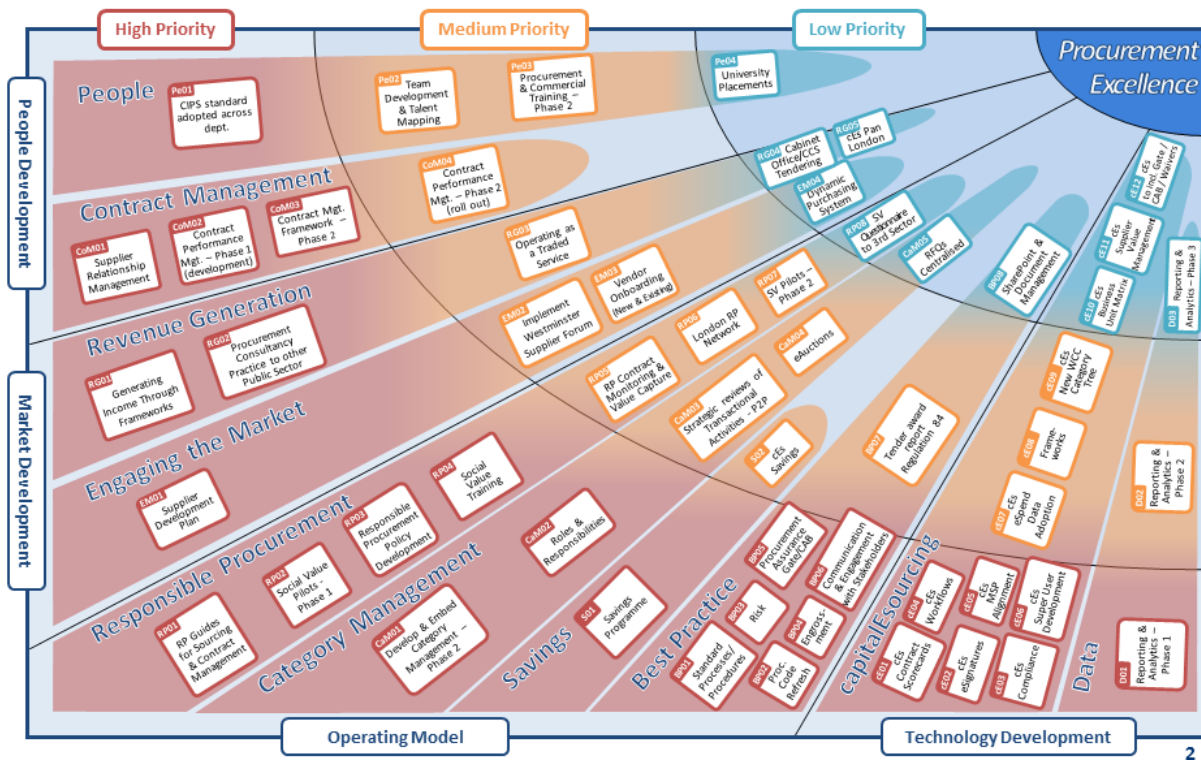
12.1 The main objectives and priorities for the service over the next year are:

- Lead and support commercial procurement activity in line with the Council’s needs & priorities
- Manage and develop systems and policies to ensure that procurement activity continues to identify opportunities to create value and achieves the best commercial outcomes
- Deliver the ongoing Procurement Programme

12.2 The Programme for the year (ending March 2017) is split into 4 Themes – People Development, Market Development, Technology Development and Operating Model.

- **People Development** – including Supplier Relationship Management, Contract Performance, the next phase of the Contract Management Framework and the adoption of CIPS standards across the department.
- **Market Development** – including Supplier Development Plan, creating a Consultancy Practice with a private sector partner to offer Procurement services to other public sector organisations and identifying ways to generate income from our framework contracts.
- **Technology Development** – including further developments to capitalEsourcing, such as developing Contract Scorecards for better contract management, introducing eSignatures and establishing a flow of data between capitalEsourcing and Agresso.
- **Operating Model** – including further development of our commitment to Responsible Procurement and training our Contract Managers to build Social Value into their specifications, the development of a Savings Programme and a number of developments to continuously develop procurement best practice to the organisation.

The screen shot below shows an overview of the **Procurement Programme 2016**.



**If you have any queries about this Report or wish to inspect any of the
Background Papers please contact:**

Della Main on 020 7641 5981; dmain@westminster.gov.uk

APPENDICES

APPENDIX A(i) – CONTRACTS AWARDED IN 2015/16 (UNDER £100k)

APPENDIX A(ii) – CONTRACTS AWARDED IN 2015/16 (OVER £100k)

APPENDIX B – EXTENSIONS & VARIATIONS TO CONTRACTS

APPENDIX C – WAIVERS OF THE PROCUREMENT CODE

APPENDIX D – CONTRACT PERFORMANCE ASSESSMENTS