



## Key Decision Report of the Corporate Director of Resources

<b>Officer Key Decision</b>	<b>Date: 22 May 2018</b>	<b>Ward(s): All</b>
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<b>Delete as appropriate</b>	<b>Exempt</b>	<b>Non-exempt</b>
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## **SUBJECT: Procurement Strategy / Contract Award for the Supply of Office Furniture**

### **1. Synopsis**

- 1.1 This report seeks pre-tender approval for the procurement strategy and contract award in respect of the supply of office furniture in accordance with Rule 2.5 of the Council's Procurement Rules.
- 1.2 The supply of office furniture for various administrative council sites would include items such as seating, desks, tables and storage items.
- 1.3 The recommendations propose using a framework which will allow for continuity with the current site layout strategy in council run buildings and will also minimise potential disruption to current site refurbishments or office relocation projects throughout the borough that might otherwise occur during a competitive tendering exercise. The framework agreement is already known to the council, as Islington currently uses the existing version where local authorities have access to structured pricing around office furniture items.

### **2. Recommendations**

- 2.1 To approve the procurement strategy and contract award for the supply of office furniture as outlined in this report.
- 2.2 To approve using the framework agreement run by Herts FullStop known as the HCC1306741 – The Supply of Office Furniture which starts on 1 July 2018. The new framework will run for 4 years from 1st July 2018 until 30 June 2022.

### **3. Date the decision is to be taken:**

22 May 2018

### **4. Background**

#### **4.1 Nature of the service**

The supply of office furniture to ensure the council can respond to the ongoing challenge of smart working practices and providing a comfortable environment for staff, building users and visitors to our buildings.

The current agreement allows Islington staff such as corporate health and safety and line managers to work with a supplier to address staff needs around Health and Safety (Display Screen Equipment) Regulations (DSE) directly to ensure bespoke solutions can be made aiding the council in its desired aims around the health, safety and welfare of its staff.

The The Facilities and Contracts Operation team has already liaised with the HCC1306741 initiators and provided benchmarking information on purchase activity in the area of office furniture along with other local authorities as part of the price structure for the new agreement.

#### **4.2 Estimated Value**

The funding will come from revenue expenditure which relates to service areas. There may also be an element of costs being funded by potential projects such as smart working/refurbishments and departmental relocations where works will be covered as part of an allocated budget to complete the task.

The procurement life cycle spend is expected to be around £800,000.00 for 48 months and this would all be part of costs by using the HCC1306741 framework agreement. The spending ratio of the last two years shows in 2016/17 was at £127,267.21 and 2017/18 so far at the time of writing this report at £192,399.35. Including the spend of 2015/16 which was £244,231.25 the average across the last three years is £190k per year.

Access to the supply of office furniture and the related areas such as resolving DSE issues is a cross service matter, therefore budgetary challenges are met internally. It is also important to note the relationship of staffing relocations and the reduction of dependency on furniture, as the Islington estate reduces in size with site closures.

#### **4.3 Timetable**

1 July 2018 is a key date as it the draft date for the start of the new HCC framework. The existing framework agreement currently runs out on 30 April 2018, but reprocurement has been subject to a delay so presumably will be extended.

The timelines have been discussed with senior management and procurement services who were also contacted by the framework agreement initiators in late 2017.

#### **4.4 Options appraisal**

The Facilities and Contracts Operation team looked at two options on the procurement for this area – one being a tender which would result in a bespoke agreement with a supplier, where Islington could directly work with a supplier on the areas of the requirement; and the other to access a framework agreement where Islington could participate along with other local authorities in the structuring of a framework agreement to which suppliers would be admitted via a competitive process. We would be able to call-off a contract with a supplier to provide the services. The intention of the council would be to use a single supplier for the duration of the framework life cycle.

The bespoke agreement would entail carrying out a procurement exercise itself, where one advantage could be the design around a specific agreement to fit in with a particular need for the council. The disadvantage would be in the additional amount of time and work which would have to be undertaken.

The costs of this agreement are above OJEU threshold and a full and transparent selection, evaluation and award process would need to be conducted before a supplier could be appointed.

The framework agreement route would entail making a selection and direct award from a number of suppliers who have already gone through the due diligence process to demonstrate their capacity to fulfil the need to supply office furniture items; this would also be beneficial due to the reduction in the amount of work to be done to secure a supplier's services. The council would complete an access agreement for the framework agreement to complete the award. A potential disadvantage is that with a limited choice of suppliers on a framework agreement, this may not allow for flexibility where a specific and bespoke requirement is needed for a client.

#### 4.5 Key Considerations

A key area to be considered for the council is our ability to provide safe and comfortable areas for staff and the local community who access the local authority's services in our buildings. This extends to being able to find bespoke solutions to issues around DSE where specific furniture items might be required, to ensure equality of access.

Any contractual arrangement will contain a clause regarding the London Living Wage, and potential suppliers will have to confirm they understand this requirement.

During the life-cycle of the proposed new agreement, the contract management team is to hold regular review meetings with the awarded supplier to seek continual efficiencies throughout the contract life cycle to the mutual benefit of both parties. This will also include establishing a relationship to ensure issues and potential projects are addressed in a formal but relaxed way.

#### 4.6 Evaluation

The HCC1306741 framework agreement rules allow for a direct call-off award of a single supplier. Alternatively, Islington council could conduct a mini-competition among appropriate suppliers on the framework agreement, whose responses would be evaluated in a fair and transparent manner by a panel.

#### 4.7 Business Risks

Not having contract in place for the supply of office furniture would create issues around future planning of smart work areas, as the council continues to address accommodating its services to work in various locations whilst also providing spaces where staff can relax. Currently, the supplier plays a significant part in the planning of office relocations where the layout of work stations, breakout areas and storage units is a major part of the project management.

4.8 The Employment Relations Act 1999 (Blacklist) Regulations 2010 explicitly prohibit the compilation, use, sale or supply of blacklists containing details of trade union members and their activities. Following a motion to full council on 26 March 2013, all tenderers will be required to sign the council's anti-blacklisting declaration. Where an organisation is unable to declare that they have never blacklisted, they will be required to evidence that they have 'self-cleansed'. The council will not award a contract to organisations found guilty of blacklisting unless they have demonstrated 'self-cleansing' and taken adequate measures to remedy past actions and prevent re-occurrences.

4.9 The following relevant information is required to be specifically approved by the Executive in accordance with rule 2.6 of the Procurement Rules:

<b>Relevant information</b>	<b>Information/section in report</b>
1 Nature of the service	The supply of Office Furniture for various administrative council sites

2 Estimated value	The estimated value per year £200,000.00  The agreement is proposed to run for a period of 48 months.
3 Timetable	Herts CC framework becomes available – 1 <sup>st</sup> July 2018 Islington accesses framework and conducts call-off - July (tbc)
4 Options appraisal for tender procedure including consideration of collaboration opportunities	The outcome of the framework agreement tender process should be to allow the local authority to access a framework agreement similar to what it is currently receiving on the supply of office furniture. As the framework agreement initiators have been in contact with Islington throughout the process, the ability to appraise the finalised framework agreement will be fairly straight forward.  As other boroughs have contributed to the process, it is an opportunity to share experiences in this area of supply.
5 Consideration of: Social benefit clauses; London Living Wage; Best value; TUPE, pensions and other staffing implications	See paragraph 4.5
6 Evaluation criteria	See paragraph 4.6
7 Any business risks associated with entering the contract	See paragraph 4.7
8 Any other relevant financial, legal or other considerations.	See paragraph 4.2

## 5. Implications

### 5.1 Financial implications:

The cost of this contract is estimated to be around £800,000 over a four year period, which is based on an average of actual spend over the past three years. This is an extension of an existing contract which will allow for this service to be procured at approximately the same cost. The expenditure is flexible as it depends on the demand for the furniture and equipment. Considering that the estimated cost is unchanged and this amount is already budgeted for in the Council's Accommodation and Facilities budget, there will be no additional pressure or implications including on staffing budgets created by continuing to procure this service.

### 5.2 Legal Implications:

The council has power to purchase office furniture needed to accommodate staff discharging the Council's functions. (sections 111 Local Government Act 1972). Accordingly the council has power to enter into a contract for such provision, (section 1 of the Local Government) Contracts Act 1997).

The threshold for public supply contracts for the application of the Public Contracts Regulations 2015 is currently £181,302. The estimated aggregated value of the council's requirement for office furniture

over 4 years is £800k, and therefore in excess of the financial threshold. It is proposed to procure office furniture by way of call off contracts from the HCC1306741 framework – The Supply of Office Furniture. That framework has been established by Hertfordshire County Council following a competitive tendering exercise undertaken in accordance with the regulations and the Council may access that framework for procurement of office furniture it requires.

#### **4.3 Environmental Implications**

The HCC1306741 framework will facilitate the council's own environmental policy under its "Environmental Requirements" which notes framework suppliers when carrying out the Goods or Service and /or working on the premises will perform this contract in accordance with the contracting authority's environmental policy to conserve energy, water, wood, paper and other resources to reduce waste and phase out the use of ozone depleting substances and minimise the release of greenhouse gases, volatile organic compounds and other substances damaging to health and the environment.

The framework also covers Environmental Disposal, Removal and Re-site of old office furniture, where the requirement for old office furniture in agreement with participating authorities allows for items to be re-delivered to charitable organisations and other establishments as identified within a re-delivery address radius of approximately 30 miles from the original delivery location of the new office furniture.

Framework suppliers are required to be part of FORS (Fleet Operator Recognition Scheme) which encompasses safety, efficiency and environmental protection and encourages fleet operators to monitor, measure and improve their performance. This is supported with the requirement for suppliers to have an environmental policy on wastage and reducing harmful emissions.

#### **4.4 Resident Impact Assessment:**

The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

#### **6. Reasons for the decision:**

- 6.1 To enable the local authority to access the HCC1306741 framework agreement on the Supply of Office Furniture, allowing Islington to use its structured pricing as a vehicle to seek a value for money contract in this area.

#### **7. Record of the decision:**

- 7.1 I have today decided to take the decision set out in section 2 of this report for the reasons set out above.

#### **Signed by:**

Corporate Director Resources

Date

**Appendices:** None.

**Background papers:** None

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