

Community Wealth Building
Islington Town Hall, London N1 2UD

Report of: Executive Member for Finance, Planning and Performance

Meeting of: Executive

Date: 30 November 2023

Ward(s): All

Subject: Procurement Strategy for Office Furniture

1. Synopsis

- 1.1. The report sets out the proposed Procurement Strategy for Office Furniture.

2. Recommendations

- 2.1. To approve the use of the new Hertfordshire County Council (HCC) framework agreement for the supply of office and commercial furniture (HCC2214198).
- 2.2. To designate the use of this framework agreement as a corporate contract which all staff are mandated to use for office furniture.

3. Background

3.1. Nature of the service

- 3.1.1. The council has an ongoing requirement to procure office furniture to meet the needs of its staff and other users across its public buildings. Orders are typically placed when existing furniture or equipment is broken or when new items are needed to meet changing requirements.
- 3.1.2. In addition, with the move to more flexible working patterns across the council there is an ongoing need for the provision of essential office furniture for council job roles designated as needing to work from home.

- 3.1.3. The council's FutureWork Programme also has a requirement to procure some outstanding requirements to complete the final stages of the project.
- 3.1.4. The existing office estate has not been invested in for over a decade and not designed for hybrid working. The existing estate was designed without any workable collaboration spaces, touchdown and a very ineffective meeting provision. Two FutureWork pilot offices were designed based upon feedback from over 2000 staff and 120 change agents across the organisation on the changes required to make the Council's hybrid working environment work, modernise the way we work and invest in our staff's working environment.
- 3.1.5. Most of the existing furniture in the estate is no longer fit for purpose with high levels of breakages and wear and tear and not in line with modern accessibility or Health and Safety requirements. The FutureWork programme will provide the modernisation of our estate which includes office furniture. This is required to enable the Council to have a sustainable hybrid working solution which directly correlates to the organisation being able to reduce its desk ratio and rationalise its office portfolio.
- 3.1.6. The FutureWork programme will deliver financial benefits related to reducing our office portfolio by 3 sites and will equate to total revenue savings of £2.5m per annum which cannot be achieved without modernising the furniture stock.
- 3.1.7. Significant additional social value has been delivered through the existing furniture contract. To date, 74.6% of the furniture purchased through the FutureWork programme has been bought from suppliers within the existing contractor's supply chain that are based in or local to the borough. We have also negotiated a donation of furniture items from the existing contractor to the value of £30k, to support our care-experienced young adults in setting up their first homes.

3.2. **Estimated value**

- 3.2.1. The council estimates it will have a maximum spend requirement of £3m over the duration of the agreement, which will expire 10 May 2027.
- 3.2.2. The estimated maximum spend is based on:
- the remaining requirements for the delivery of the FutureWork programme which is expected to be £2m.
 - day-to-day requirements for office furniture is estimated to be a maximum of £1m for the period above. This estimated figure is based on average annual spend of £250k per annum on office furniture prior to the COVID-19 pandemic. The costs of these day-to-day orders will be covered from existing departmental budgets. This includes an anticipated spend of £260k for the

launch of the new Customer Access Centre and Northern Access Islington Hub.

- 3.2.3. The FutureWork programme has an approved furniture budget of £3.913m, of which £1.9m was committed under a previous contract. The remaining £2m will be utilised under this new procurement strategy.
- 3.2.4. The purchase cost of office furniture through the framework agreement will be funded within existing revenue budgets.
- 3.2.5. All orders placed by council departments will be managed by the FutureWork Programme until the completion of the project. Oversight of the ordering process will move to a centralised managed model following completion of the FutureWork programme.
- 3.2.6. The FutureWork Programme Director will discuss with the Acting Corporate Director of Community Wealth Building procurement options for all individual orders over £250k to ensure maximum Social Value is secured through the contract.

3.3. **Timetable**

- 3.3.1. The estimated timetable for the approval of this procurement strategy is:
- Executive approval of strategy: 30 November 2023
 - Framework agreement can be accessed from: 7 December 2023

3.4. **Options appraisal**

- 3.4.1. The options appraisal for how to meet future office furniture and equipment requirements considered the following:
- To do nothing
 - In-house provision
 - Competitive tender exercise
 - Use of an external framework agreement
- 3.4.2. Do nothing: this is not a viable option as the council would be unable to meet the furniture related requirements for staff and users of its buildings and the needs of its staff who are working from home. The FutureWork programme would be significantly impacted.
- 3.4.3. In-house provision: As this is a supplies/goods contract it therefore cannot be provided in-house as the council has no experience or capacity to deliver these requirements.

- 3.4.4. Undertake a competitive tender exercise: the main benefit of this option is that it could enable a wider range of suppliers to participate in the procurement exercise. The main drawback is the additional time this exercise will take. The council needs to secure an arrangement for supply as quickly as possible. Undertaking our own tender exercise for these services does not guarantee that suppliers would bid for this contract. The council would also not benefit from lower costs that can be achieved through the collective buying power of an external framework agreement. For these reasons this option is not recommended.
- 3.4.5. Use of an external framework agreement: the benefits of this option are that it provides access to experienced office furniture suppliers who have undergone a stringent process to qualify to be on the framework agreement. In order to join a framework agreement, suppliers have competed against one another on quality and price to determine their ranked position on the framework agreement providing certainty to the council of value for money. HCC is also able to support the council should it experience any performance issues with a supplier delivering orders via the framework agreement. The main drawback is that some suitable suppliers may not be on the framework agreement, but the risk is reduced as the HCC reprocured using an open competitive tender process.
- 3.4.6. The recommended option is to use the HCC framework agreement.
- 3.4.7. Day to day orders for individual items of furniture will be placed using the direct award process as set out in the terms of the framework agreement. Where bulk orders need to be placed which have a more significant monetary value, for example linked to any future reorganisation of an office area or council building, a mini-competition amongst suppliers on the framework agreement can be used.

3.5. **Key Considerations**

- 3.5.1. The suppliers on the framework agreement were asked a number of method statement questions linked to how their services would contribute to the environmental objectives of users of the framework agreement. Their responses were scored as part of the evaluation process to assess if they could join the framework agreement and to determine their ranked position within it. Compliance with current environmental legislation including the holding of the ISO 14001 environmental standard or are committed to achieving this by 2025 and checks on supplier environmental policies was a tender requirement.
- 3.5.2. Suppliers must comply with the following conditions within the framework agreement:
- When delivering orders, they must do so in ways which 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.

- All packaging to be kept to a minimum. Cardboard and paper are to be used as much as possible to try to reduce the use of plastic. All packaging to be removed and taken away on delivery for recycling or reuse if possible.
- All reasonable precautions shall be taken by the supplier to protect the health of human beings, creatures and plants, to avoid the pollution of water, land and air and safeguard the environment.

3.5.3. The framework agreement also stipulates the following requirements linked to the supply chain used by suppliers:

- Full traceability is required across the supply chain for all products and services supplied. Suppliers are required to have clear lines of communication in place across the supply chain, along with systems and procedures that allow monitoring of the supply chain.
- The supply chain will be continually reviewed throughout the life of the framework agreement to ensure it is suitably robust, sustainable and has regard for environmental factors.
- Reasonable efforts should be made to engage with the local supply chain where possible.

3.5.4. Where the mini-competition process is used suppliers will be encouraged to provide innovative proposals that meet the council's Social Value priorities. The following shall be considered as a minimum social value quality criteria:

- Maximising the items sourced from local suppliers within Islington or its neighbouring boroughs.
- Significant donations of furniture for local residents and community groups including, for example, care experienced young people, people recovering from homeless etc.
- Actions being taken to minimise carbon emissions.
- Contribution to the circular economy (repair, reuse and recycling).
- Provision of good labour standards and practices within their current supply chain.

3.5.5. There is an expectation council representatives and suppliers will work together to reduce waste by identifying existing items of furniture being replaced that can instead be repaired and reused.

3.5.6. London Living Wage will be a contract condition.

3.5.7. There are no TUPE or staffing implications.

3.6. Evaluation

- 3.6.1. The HCC framework agreement was procured using the evaluation criteria of 60% cost and 40% quality.
- 3.6.2. The council has a formal access agreement to the HCC framework which enables individual call-off orders to be placed by the council in line with the processes of direct award or mini-competition as set out in the framework agreement.
- 3.6.3. When a mini-competition is used by the council to select a supplier the following award criteria and weighting will be applied:

Cost 50%

Quality 50% (which will be broken down as per below):

- 20% - Social Value, including support for the local supply chain
- 10% - Quality Assurance
- 10% - Customer service
- 10% - Delivery and aftercare

3.7. Business risks

- 3.7.1. The primary risk associated with this service is to maintain control on spending decisions in this area as orders are placed routinely across all council departments. This risk will be mitigated by the council having a structured process to oversee and approve orders being placed through the framework to ensure it is achieving the best value for money.
- 3.8. 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 complete an 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.
- 3.9. The following relevant information is required to be specifically approved in accordance with rule 2.8 of the Procurement Rules:

Relevant information	Information/section in report
1. Nature of the service	The provision of office furniture. See paragraph 3.1
2. Estimated value	£3m over the full term of the agreement. This is based on:

	<ul style="list-style-type: none"> • £2m for FutureWork programme • £250k per annum including the one off £260k for the launch of the new Customer Access Centre and Northern Access Islington Hub. Access to the agreement will expire 10 May 2027. See paragraph 3.2
3. Timetable	As outlined within the report See paragraph 3.3
4. Options appraisal for tender procedure including consideration of collaboration opportunities	As outlined within the report See paragraph 3.4
5. Key considerations	As outlined within the report See paragraph 3.5
6. Award criteria	Cost 50% and Quality 50% (broken down as): 20% - Social Value, including support for the local supply chain 10% - Quality Assurance 10% - Customer service 10% - Delivery and aftercare See paragraph 3.6
7. Any business risks associated with entering the contract	As outlined within the report See paragraph 3.7
8. Any other relevant financial, legal or other considerations.	See section 4

4. Implications

4.1. Financial Implications

4.1.1. Paragraph 3.2.1 states that the contract's estimated spend is £3m, with about £2m earmarked for the FutureWork project. This project has an approved furniture budget of £3.913m, of which £1.9m was committed under the previous contract. The remaining £2m will be utilised under this new contract. The leftover £1m in the contract will be allocated for ad-hoc furniture purchases as required, funded by individual departmental budgets.

4.2. Legal Implications

4.2.1. This Report of the Joint Acting Corporate Director of Community Wealth Building is to approve the procurement strategy and contract award for Office Furniture.

4.2.2. The council has the power to procure and enter into this contract pursuant to Section 111 of the Local Government Act 1972, Section 1 of the Local Government (Contracts) Act 1997 and Section 1 of the Localism Act 2011.

- 4.2.3. The proposed procurement strategy is to use the new compliant external framework agreement with Hertfordshire County Council (HCC) - HCC2214198 to place orders for office furniture. (Framework awarded 6th June 2023; expires 10th May 2027). The framework includes six lots which will be accessed using call off orders as appropriate. The council will need to ensure the correct framework procedures are used for any mini-competition or direct award.
- 4.2.4. The proposed route to market is compliant with the Public Contracts Regulations 2015. Under Clause 2.2 of the Procurement Rules – Constitution Part 6 this proposed contract is above the current threshold of £213,477 including VAT for supplies / services so the Public Contract Regulations 2015 apply.
- 4.2.5. The proposed procurement route is compliant with council Procurement Rules as the services are being procured through HCC which is an approved provider and has been used previously.
- 4.2.6. This is an Executive Key Decision as the estimated revenue spend is over £2million the Key Decision must be taken by the Executive in compliance with Clause 16.1.1 of the Procurement Rules.

4.3. **Environmental Implications and contribution to achieving a net zero carbon Islington by 2030**

- 4.3.1. An Environmental Impact Assessment was completed on the 26 July 2023 and reviewed by Energy services. The feedback noted the importance of reducing waste, recommending continuous identifying of items which can be repaired and reused.

4.4. **Equalities Impact Assessment**

- 4.4.1. 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.
- 4.4.2. An Equalities Impact Assessment was completed on 28 July 2023. The main findings are that the strategy will have a neutral impact on all equality strands and a positive impact on people with a disability as furniture and related equipment designed to meet their needs can be sourced from the suppliers on the framework agreement. The full Equalities Impact Assessment is appended.

5. Conclusion and reasons for recommendations

5.1. The report sets out the ongoing requirement for office furniture. The recommended route is to procure using the HCC Framework Agreement for the Supply of Office and Commercial Furniture.

Appendices:

- Equalities Impact Assessment

Background papers:

- None

Final report clearance:

Signed by: Executive Member for Finance, Planning and Performance

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