



**COUNCIL CABINET**  
**18 December 2019**

**ITEM 11**

Report sponsor: Paul Simpson, Strategic  
Director of Corporate Resources and Deputy  
CEO

Report author: Toni Nash Head of Finance  
Corporate Finance

## **Compliance with Contract and Financial Procedure Rules**

### **Purpose**

- 1.1 To seek approval by Council Cabinet under Contract and Financial Procedure rules for the following:
- A procurement exercise for the Street Furniture and Advertising contract currently due to end on 14 July 2020. There will be a variation to the existing contract and as a result this variation will require Cabinet approval.
  - The length of contract for the Street Furniture and Advertising Tender to extend beyond the stated limit of five years to seven years, with the possibility to extend the term for up to three more years at the Council's absolute discretion.
  - To commence a procurement process to continue to provide support to meet the needs of Children and Young People. The current 'Support Accommodation for Young People' Framework is due to expire on 29 February 2020. As part of the Council's statutory duty to provide sufficient, safe accommodation to children in care and children in need, and prevent any Bed and Breakfast placements being made, the Council are seeking approval
  - A procurement exercise that will establish a dynamic purchasing system (DPS) for the supply of telecare products and services. This DPS will allow Derby City Council to procure telecare products for its service users. Derby Homes may also utilise this DPS to procure services for the installation, removal and disposal of telecare equipment.

### **Recommendations**

- 2.1 To approve a procurement exercise to tender for the Street Furniture and Advertising contract as outlined in section 4.1.
- 2.2 To approve the length of contract of the tender for the Street Furniture and Advertising contract to be seven years with the possibility to extend the contract by no more than three years in total at the Council's absolute discretion as outlined in section 4.1.

- 2.3 To approve the procurement and award process for the existing services currently delivered under the 'Support Accommodation for Young People' Framework, through a change of procurement method from a framework to a Dynamic Purchasing Solution (DPS) for a maximum of 4 years with a value of £1.5m per annum (based on the forecast of current spend), as in outlined section 4.2.
- 2.4 To approve a procurement and award process to establish a Dynamic Purchasing System (DPS) for the supply of telecare products and services, for an initial term of two years with an option to extend it by a further two years in annual increments, with a value of £0.090m per annum in outlined section 4.3.
- 2.5 To delegate authority to Strategic Director for People Services to approve the Council entering into agreements associated with the DPS processes outlined in sections 4.2 and 4.3.

### **Reason**

- 3.1 To comply with the Council's Contract and Financial Procedure rules 16.3.1 - Cabinet approval must be obtained before procuring any contract which has an estimated total value of £100,000 or over, unless it is merely a re-tendering of a current contract with no significant change.
- 3.2 To comply with the Council's Contract and Financial Procedure rule 41.1 - No contract can be for longer than 5 years (including options to extend), unless express Cabinet approval has been given.

### **Supporting information**

#### 4.1 **Street Furniture Advertising**

The Council currently has street furniture advertising areas across the city. Street furniture advertising is out-of-home (OOH) advertising that is attached to street furniture, such as bus shelters. Street furniture advertising offers a way for companies to get their message in front of pedestrians, passengers using public transport and motorists.

The Tender will:

- Maintain, improve and replace (where necessary) 92 Derby city bus shelters, including cleaning and maintenance at no cost to the Council
- generate at least £0.202m income per annum for the Council (£202,548 is income generated April 2019-March 2020). The income comes through a minimum guaranteed rent paid per advertising panel, per annum. The rent increases each year in line with RPI
- bring digital way finders or suitable alternative into the city centre to help residents, businesses and tourists
- provide a minimum of 18 digital display panels on advertising free standing units (i.e. equivalent of 9 double sided advertising units) in the city centre (digital screen size 1200 (w) x 1800 (h) mm)
- provide an opportunity to promote the Council's messages on advertising units in the city centre for no charge.

4.1.2 The successful service provider will make a significant capital investment into the city centre which will be recouped through the sale of digital advertising screens located on the free standing units, bus shelters and way finders (or suitable alternatives). To allow for this investment a service provider will traditionally look to see a contract of at least seven years length. The risk of reducing the contract to five years may lead to a reduced minimum guaranteed rent being offered per advertising panel or worse case make suppliers not submit a tender as it would not be worth their capital investment.

4.1.3 The current contract ends on 14 July 2020 and on this date the current service provider will start the agreed phased plan to remove their assets. These timescales mean the new contract needs to be in place in advance to allow for planned replacement works to take place.

4.1.4 It is recommended to approve a procurement exercise to tender for the Street Furniture and Advertising contract and approve the length of contract of the tender for the Street Furniture and Advertising contract to be seven years with the possibility to extend the contract for by a period or periods not exceeding an additional three years in total at the Council's absolute discretion.

#### 4.2 **Dynamic Purchasing System for Young People's Supported Accommodation provision**

The current 'Support Accommodation for Young People' Framework supports vulnerable young people to develop independent living skills, assisting towards step down and their own accommodation as they approach adulthood. It encompasses a fixed number of providers with a range of accommodation and support packages who bid for referrals from Childrens Services. However, this framework ends on 29 February 2020.

- 4.2.1 This Framework is heavily utilised and semi-independent placements are required to ensure safe and sufficient provision for our vulnerable young people and prevent the use of Bed and Breakfast provision. The Council has a statutory duty to Looked After Children and Children who are homeless to provide sufficient local accommodation.
- 4.2.2 If the Council does not have appropriate safe accommodation for our young people, the Council will not be meeting its duty as a corporate parent and risks young people being in accommodation that falls short of the standards we expect.
- 4.2.3 The Council intends to invite applications for inclusion on a DPS for these services. Creating a DPS will give the Council the flexibility of allowing new organisations to join at any time, subject to them meeting the initial suitability criteria which will be set out in the DPS. This will also allow greater flexibility to support customer outcomes and create a sustainable market, as it will be able to grow as greater need arises. The period of the DPS is flexible and can be adjusted accordingly.
- 4.2.4 It is recommended to approve a change in the procurement and award methodology for the existing services currently delivered under the 'Support Accommodation for Young People' Framework to a Dynamic Purchasing Solution (DPS) for a maximum of 4 years with a value of £1.5m per annum.

#### 4.3 **Dynamic Purchasing System for Telecare Products and Services**

Derby City Council Carelink purchases a variety of telecare products to help vulnerable adults remain independent in their own homes. A DPS for Telecare Products and Services will provide flexibility for the Council to procure from a wide range of providers offering a variety of products. This will also ensure the most up to date products are available to service users and mini competitions will allow that the comparison to ensure best value arises. This will also ensure the most up to date products are available to service users.

- 4.3.1 Derby Homes will also be named in the DPS to allow them to access it thereby streamlining the overall procurement process, should they need to procure services for the installation, removal and disposal of telecare equipment. The period of the DPS is flexible and can be adjusted accordingly.
- 4.3.2 It is recommended to approve a procurement and award process to establish a Dynamic Purchasing System (DPS) for the supply of telecare products and services, for an initial term of two years with an option to extend it by a further two years in annual increments, with a value of £0.090m per annum.

4.3.3 It is recommended to delegate authority to the Strategic Director for People Services to approve the Council entering into agreements associated with the DPS processes.

### **Public/stakeholder engagement**

5.1 None directly arising.

### **Other options**

6.1 None directly arising.

### **Financial and value for money issues**

7.1 As detailed in the main body of the report. The Street Furniture tender is purely income generation with no associated costs.

7.2 The Young People's Supported Accommodation total value of the contract over 4 years is £6m. This is not new additional expenditure as this exists under the current contract; there is adequate budget provision within the People Services budget allocation.

7.3 The Telecare Products and Services total value of the contract over 4 years is £0.360m. This is existing expenditure and the budget exists with the People Services budget allocation.

### **Legal implications**

8.1 As detailed in the body of the report regarding compliance with procurement rules.

### **Other significant implications**

#### **9.1 Equalities Impact**

Any procurement exercise the Council does will take into account equality in the specification and the process.

**This report has been approved by the following people:**

<b>Role</b>	<b>Name</b>	<b>Date of sign-off</b>
<b>Legal</b>	Olu Idowu	10 December 2019
<b>Finance</b>		
<b>Service Director(s)</b>	Paul Simpson	22 November 2019
<b>Report sponsor</b>		
<b>Other(s)</b>	Toni Nash	22 November 2019

