

-Committee/Meeting: Cabinet	Date: 7 July 2010	Classification: Unrestricted	Report No:
Report of: Corporate Director of Resources Originating officer(s) Richard Parsons, Service Head, Procurement & Corporate Programmes		Title: Contracts Forward Plan Wards Affected: All	

Lead Member	Resources
Community Plan Theme	One Tower Hamlets
Strategic Priority	

1. **SUMMARY**

- 1.1 The Council's Procurement Procedures require a quarterly report to be submitted to Cabinet, laying down a forward plan of revenue contracts over £250,000 in value, or capital contracts over £5 million. This provides Cabinet with the visibility of all high value contracting activity, and the opportunity to request further information regarding any of the contracts identified. This report provides the information for the period July 2010 to June 2011.

2. **DECISIONS REQUIRED**

Cabinet is recommended to:-

- 2.1 Consider the contract summary at Appendix 1, and identify those contracts about which specific reports should be brought before Cabinet prior to contract award by the appropriate Chief Officer for the service area;

3. **REASONS FOR THE DECISIONS**

- 3.1 Bringing a consolidated report on contracting activity is considered the most efficient way of meeting the requirement in the Constitution, that "any contract for goods and services with an estimated value exceeding £250,000 shall be approved by the Cabinet unless the expenditure is incurred in accordance with a revenue or capital estimate which has already been adopted by the Cabinet", whilst providing full visibility of contracting activity.

4. ALTERNATIVE OPTIONS

- 4.1 Bringing a consolidated report on contracting activity is considered the most efficient way of meeting the requirement in the Constitution, that “The contracting strategy and/or award of any contract for goods or services with an estimated value exceeding £250,000, and any contract for capital works with an estimated value exceeding £5,000,000, shall be approved by the Cabinet in accordance with the Procurement Procedures”, whilst providing full visibility of contracting activity.
- 4.2 The principal alternative to a consolidated report would be for each contract to be reported separately, which would be demanding upon Cabinet time, with no discernible benefit.
- 4.3 Appendix 1 details the contracts which are planned during the period July 2010 to June 2011.. This plan lists all of the contracts which have been registered with the Procurement Service, and which are scheduled for action during the period in question. Whilst every effort has been made to include all contracts which are likely to arise, it is possible that other, urgent requirements may emerge. Such cases will need to be reported separately to Cabinet as individual contract reports.
- 4.4 Cabinet will be asked to review the forward plan of contracts, confirm its agreement to the proposed programme, and identify any individual contracts about which separate reports – relating either to contracting strategy or to contract award – will be required before proceeding.
- 4.5 Equalities and diversity implications – and other One Tower Hamlets issues – are addressed through the Council’s internal tollgate process which provides an independent assessment of all high value contracts, and ensures that contracting proposals adequately and proportionately address both financial and social considerations. The work of the Competition Board and the Procurement & Corporate Programmes Service ensures a joined-up approach to procurement.
- 4.6 Contracts are required to address sustainability issues in their planning, letting and management. Again, this is assured through the tollgate process, and supported through the Procurement & Corporate Programmes Service’s Corporate Social Responsibility activities.
- 4.7 Risk management is addressed in each individual contracting project, and assessed through the tollgate process.
- 4.8 There are no specific crime and disorder reduction implications
- 4.9 Contract owners are required to demonstrate how they will achieve cashable savings and other efficiencies through individual contracting proposals. These are then monitored throughout implementation.

5. BACKGROUND

- 5.1 Cabinet agreed a new set of Procurement procedures in November 2009, which included a proposal for submission of a quarterly forward plan of contracts for Cabinet consideration. This report provides the forward plan for the period July 2010 – June 2011, and gives Cabinet members the opportunity to select contracts about which they would wish to receive further information, through subsequent specific reports.

6. THE ROLE OF COMPETITION BOARD

- 6.1 During 2009, a new Competition Board was established, to drive procurement improvements and monitor progress against the Corporate Procurement Strategy. One of the Board's roles is to consider contracting proposals as assessed through the internal tollgate process.
- 6.2 The tollgate process is an internal procurement project assurance methodology, based upon the principles of gateway reviews, which assesses the chances for success of high value contracting proposals (over £250,000 for revenue contracts, and £5,000,000 for capital contracts), making recommendations to support contract owners to achieve improved outcomes. All tollgate reviews are reported to Competition Board, and when appropriate contract owners are interviewed by the Board; contracts require approval of the Board before proceeding.

7. FORWARD PLAN OF CONTRACTS

- 7.1 Appendix 1 details the contracts which are planned during the period July 2010 to June 2011.. This plan lists all of the contracts which have been registered with the Procurement Service, and which are scheduled for action during the period in question. Whilst every effort has been made to include all contracts which are likely to arise, it is possible that other, urgent requirements may emerge. Such cases will need to be reported separately to Cabinet as individual contract reports.
- 7.2 Cabinet is asked to review the forward plan of contracts, confirm its agreement to the proposed programme, and identify any individual contracts about which separate reports – relating either to contracting strategy or to contract award – will be required before proceeding to the award of the contract by the appropriate Chief Officer for the service area.

8. COMMENTS OF THE CHIEF FINANCIAL OFFICER

- 8.1 This report sets out the Council's planned procurement activity on high value contracts for the next period. Procured services comprise around 40% of the Council's annual expenditure and control of procurement processes is thus crucial to delivering value for money for local residents as well as managing the risks that may arise if procurement procedures go wrong. Consideration

of the plan by Cabinet operates as an internal control and also provides the opportunity for Members to comment on specific procurements at an early stage.

- 8.2 The Procurement Plan includes approximate values for the contracts under consideration

9. CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL SERVICES)

- 9.1 The Council has adopted financial procedures for the proper administration of its financial affairs pursuant to section 151 of the Local Government Act 1972. These generally require Cabinet approval for expenditure over £250,000. In November 2009, Cabinet approved the procurement procedures, which are designed to help the Council discharge its duty as a best value authority under the Local Government Act 1999 and comply with the requirements of the Public Contract Regulations 2006. The procurement procedures contain the arrangements specified in the report under which Cabinet is presented with forward plans of proposed contracts that exceed the thresholds in paragraph 3.1 of this report. The arrangements are consistent with the proper administration of the Council's financial affairs.

10. ONE TOWER HAMLETS CONSIDERATIONS

- 10.1 Equalities and diversity implications – and other One Tower Hamlets issues – are addressed through the tollgate process, and all contracting proposals are required to demonstrate that both financial and social considerations are adequately and proportionately addressed. The work of the Competition Board and the Procurement & Corporate Programmes Service ensures a joined-up approach to procurement.

11. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 11.1 Contracts are required to address sustainability issues in their planning, letting and management. Again, this is assured through the tollgate process, and supported through the Procurement & Corporate Programmes Service's Corporate Social Responsibility workstream.

12. RISK MANAGEMENT IMPLICATIONS

- 12.1 Risk management is addressed in each individual contracting project, and assessed through the tollgate process.

13. CRIME AND DISORDER REDUCTION IMPLICATIONS

- 13.1 There are no specific crime and disorder reduction implications.

14. EFFICIENCY STATEMENT

14.1 Contract owners are required to demonstrate how they will achieve cashable savings and other efficiencies through individual contracting proposals. These are then monitored throughout implementation.

15. APPENDICES

Appendix 1 – Contracts Planned, July 2010 – June 2011.

**Local Government Act, 1972 Section 100D (As amended)
List of “Background Papers” used in the preparation of this report**

None

N/A

APPENDIX ONE – CONTRACTS PLANNED JULY 2010 – JUNE 2011

Contract No.	Description	Contract Period	Planned Date for Invitation to Tender	Estimated Value	Notes
AHWB3168	Domiciliary Care Services	January 2011 - December 2015	May 2010	£10.8m per annum	To be reported separately to Cabinet
AHWB3200	Supporting People - Multiple Contracts	Various	March 2010 for framework agreement. Individual call-offs from December 2010	Approx £15m per annum	
AHWB3212	Community Equipment Services	TBA	TBA	£750k per annum	
DR3232	Temporary Accommodation	April 2011 – March 2014	November 2010	£26m per annum	Contracting strategy currently being developed
CE3105	The removal of nuisance vehicles in the borough	April 2010 - March 2014	Tenders invited and received	£1.1m per annum	Reported separately to Cabinet
CE3161	Distribution & Delivery Services	April 2010 - March 2014	February 2010	£350,000 per annum	
CLC3166	Medical Assessment Services	May 2010 to April 2013	February 2010	£100,000 per annum	
CLC3197	Victoria Park Construction Phase	September 2010 to March 2012	March 2010	£9.1m	
CLC3211	Victoria Park Management and Monitoring	September 2011 to August 2015	December 2010	£600k	
CLC3231	Culture and Community Engagement Programme	TBC	TBC	TBC	
CSF3213	Bygrove School	N/A - building	January 2010	£735,000	Capital works – delivery

			refurbishment				of Primary Capital Programme
CSF3214	Smithy School		N/A - building refurbishment		February 2010	£900,000	Capital works – delivery of Primary Capital Programme
CSF3215	Elizabeth Selby School		N/A - building refurbishment		February 2010	£500,000	Capital works – delivery of Primary Capital Programme
CSF3216	Arnhem Wharf School		N/A - building refurbishment		April 2010	£2.6m	Capital works – delivery of Primary Capital Programme and school expansion
CSF3217	Globe School		N/A - building refurbishment		April 2010	£1.4m	Capital works – delivery of Primary Capital Programme
CSF3218	Stebon School		N/A - building refurbishment		September 2010	£900,000	Capital works – delivery of Primary Capital Programme
CSF3219	Canon Barnett School		N/A - building refurbishment		September 2010	£900,000	Capital works – delivery of Primary Capital Programme
CSF3220	Mayflower School		N/A - building refurbishment		June 2010	£900,000	Capital works – delivery of Primary Capital Programme
CSF3221	Allen Gardens		N/A - building refurbishment		September 2010	£450,000	
CSF3222	Matilda House		N/A - building refurbishment		October 2010	£450,000	
CSF3225	Malmesbury School		N/A - building refurbishment		May 2010	£750,000	Capital works – delivery of Primary Capital Programme
CSF3227	Discovery House		N/A - building refurbishment t		January 2010	£265,000	Overnight short breaks provision

CSF3228	Sparks Centre	N/A - building refurbishment	April 2010	£790,000	Proposed children's centre
E3157	Short Break Personal Care for Children with Disabilities	May 2010 - April 2014	Tenders invited and received	£600,000 per annum	Reported separately to Cabinet
E3169	Supply of Fresh & Frozen Meat for School meals and meals on wheels service.	August 2010 to July 2013	TBA	£1.5m	Option to extend to July 2011.
E3170	Supply of Fresh Fruit and Vegetables for School meals and meals on wheels service.	August 2010 to July 2013	TBA	£750,000	Option to extend to July 2011.
E3198	Residential Overnight Short Breaks for Children	July 2010 - March 2011	Tenders invited	£600,000 per annum pro rata	To be reported separately to Cabinet
DR 3184	Bethnal Green Restoration Works	March 2010 to February 2012	January 2010	£600,000	
DR3118	High Street 2012 - Contractor	February 2010 to February 2012	Tenders invited and received	£4m	
DR3158	High Street 2012/Whitechapel - architecture and design	February 2010 to February 2012	Tenders invited and received	£560,000	
DR3173	Electricity Supply	April 2010 - March 2011	N/A – propose to use Buying Solutions framework	£4m	Reflects best industry practice, via Capital Ambition London Energy Project
DR3188	Ocean Estate - Urban Block E and F Demolition	February 2010 to March 2012	Tenders invited and received	£2m	
DR3192	Blackwall Reach Project	120 months, start TBA	March 2010	£450m to £500m	Cabinet (10.3.10)has asked for a separate report on this
DR3205	Housing Infill Project (bid rounds 1, 2 and 3)	April 2010 to March 2011	March 2010	£3m	Building Britain's Future additional housing stock project
DR3230	Ocean Estate Frontage	TBC	TBC	TBC	
H2981	Ocean Estate Developer Partner	Est start date 1 April 2010	Tenders invited and received	£200m to £250m	Cabinet (10.3.10)has asked for a separate

H3156	Fire Retardant and Anti-Graffiti Paint (THH)	3 Years, start TBA	TBA	£300,000 per annum	report on this
H3190	THH Repairs and Maintenance	April 2011 – March 2016	February 2010	£15m per annum	Cabinet (10.3.10) has asked for a separate report on this
R3116	Reprographics/Print	January 2011 - December 2013/2015	September 2010		Contracting strategy currently being delivered
R3167	Banking Services	Oct 2010 – Sept 2015	May 2010	£145,000 per annum	
R3182	Legal Services for Insurance Claims	June 2010 – May 2013/14	March 2010	£200,000 per annum	3 years with option of 1 year extension.
R3201	IT Peripherals Framework	March 2011 to February 2015	November 2010	£400,000 per annum	Contracting strategy currently being developed
R3202	Network Backup Support	December 2010 to December 2013	July 2010	£466,000 per annum	Contracting strategy currently being developed
R3203	Mobile Communications	January 2011 to December 2012	September 2010	£530,000 per annum	
R3204	Internal Audit Services	April 2010 – March 2014	March 2010	£160,000 per annum	Croydon framework call-off.
R3206	Construction Professional Services Framework	June 2010 to May 2014	Current proposal is to link in to a consortium contract with London Borough of Barking & Dagenham	£5m per annum	Addresses current fragmented approach to the use of professional services in construction
R3207	Main Construction Contractor Framework	June 2010 to May 2014	Current proposal is to link in to a	£21m per annum	Cabinet (10.3.10) has asked for a separate

				consortium contract with City West, Frameworks or LHC			report on this
R3208	Procurement Training Provision	July 2010 – June 2013	May 2010		£200,000 per annum		Note: this contract will be let on behalf of all London Boroughs by LBTH. Project funded by Capital Ambition. Value shown is for expenditure by all participating Boroughs. LBTH spend approx £7,000 per annum. In response to Cabinet Action Note CABPAP Action Note 23 6 10 – LB Tower Hamlets use of this contract is negligible.
R3209	Minor Works and Repairs Framework	July 2010 to June 2014	July 2010		£25m per annum		Cabinet (10.3.10) has asked for a separate report on this
R3210	Security Framework	January 2011 to December 2015	October 2010				Contracting strategy currently being delivered
R3233	Vendor Neutral Managing Agent for Temporary Staff	October 2010 to September 2014/15	May 2010		£450k per annum		Value is agent's estimated remuneration. Option to extend to September 2011 to be investigated.
	Payroll & Integrated HR	December 2010 to	December 2009		£222,500 in 2010		Negotiations are

R3195	System	December 2012		plus £79,950 per annum.	ongoing but are at the final stage and members will be updated regarding price at the meeting.
-------	--------	---------------	--	-------------------------	--