

Committee/Meeting: Cabinet meeting	Date: 09 May 2012	Classification: Unrestricted	Report No: CAB 116/112
Report of: Corporate Director: Resources Originating officer(s) Hugh Sharkey, Service Head Procurement and Corporate Programmes Resources Ext 4608		Title: Contracts Forward Plan Wards Affected: All	

Lead Member	Resources
Community Plan Theme	One Tower Hamlets
Strategic Priority	Resources

1. **SUMMARY**

1.1 The Council's Procurement Procedures require a quarterly report to be submitted to Cabinet, laying down a forward plan of supplies and services contracts over £250,000 in value, or capital works 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 May 2012 to January 2013.

1.2 Only contracts which have not previously been reported are included in this report.

2. **DECISION REQUIRED:**

Cabinet is recommended to:-

1. Consider the contract summary at Appendix 1, and identify those contracts about which specific reports – relating either to contracting strategy or to contract award – should be brought before Cabinet prior to contract award by the appropriate Chief Officer for the service area;

2. Authorise the relevant Corporate Director who holds the budget for the service area to award the contract or contracts and, following consultation with the Assistant Chief Executive (Legal Services), to arrange for the execution of all necessary contract documents.

3. **REASONS FOR THE DECISIONS**

- 3.1 The Council's Procurement Procedures require submission of a quarterly forward plan of contracts for Cabinet consideration, and it is a requirement of 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". This report fulfils these requirements for contracts to be let during the period May 2012 to January 2013.

4. **ALTERNATIVE OPTIONS**

- 4.1 As bringing a consolidated report on contracting activity is considered the most efficient way of meeting the requirement in the Constitution, whilst providing full visibility of contracting activity, no alternative proposals are being made.

5. **BACKGROUND**

- 5.1 This report provides the forward plan for the period May 2012 to January 2013 (Appendix 1), and gives Cabinet Members the opportunity to select contracts about which they would wish to receive further information, through subsequent specific reports.

6. **FORWARD PLAN OF CONTRACTS**

- 6.1 Appendix 1 details the new contracts which are planned during the period May 2012 to January 2013. This plan lists all of the new contracts which have been registered with the Procurement Service, and which are scheduled for action during the period in question. Contracts which have previously been reported are not included in this report. 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.
- 6.2 Cabinet are 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.
- 6.3 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 social considerations and financial ones (such as savings targets). The work of the Competition Board and the Procurement & Corporate Programmes Service ensures a joined-up approach to procurement.

- 6.4 The tollgate process is an internal procurement project assurance methodology, which is designed to assist in achieving successful outcomes from the Council's high value contracting activities (over £250,000 for revenue contracts, and £5,000,000 for capital works contracts). 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. COMMENTS OF THE CHIEF FINANCIAL OFFICER

- 7.1 This report describes the procurement report of the forward plan for May 2012 to January 2013 to be presented to Cabinet for revenue contracts over £250,000 in value and capital contracts over £5 million.
- 7.2 Approximately £14.4m of goods and services will be procured from external suppliers over the period May 2012 to January 2013. No Capital projects are reported. 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 the Mayor to comment on specific procurements at an early stage.

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

- 8.1 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.

9. ONE TOWER HAMLETS CONSIDERATIONS

- 9.1 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.

10. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 10.1 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 work stream.

11. RISK MANAGEMENT IMPLICATIONS

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

12. CRIME AND DISORDER REDUCTION IMPLICATIONS

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

13. EFFICIENCY STATEMENT

- 13.1 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.

14. APPENDICES

Appendix 1 – contracts planned : May 2012 to January 2013.

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

Brief description of "background papers"	Name and telephone number of holder and address where open to inspection.
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None

N/A

Appendix One – new contracts planned : May 2012 to January 2013

Directorate Contract	Contract Value	Scope of Contract	Length of New Contract	Funding	Planned Date for Invitation to Tender	Category
AHWB4185 Residential & Nursing Care provision.	£1.5m annually, £4.5 m total	Provision of a further contract for Residential & Nursing Care provision. (Peter Shore Court & Pat Shaw House).	36 months Nov 2012 – Nov 2015	revenue	n/a this is a contract extension due to the tenancy arrangements of the residents	Care & Commissioning
AHWB Residential & Nursing Care provision.	£1.54m annually, £7.7 m total	This is a contract to provide residential dementia beds and general nursing beds. Current contract is with HC One and will expire in July 2012. The service is provided at Aspen Court	36 to 60 months , dependent on negotiation plus option to extend up to 24 months	revenue	July 2012	Care & Commissioning
CLC Harbour Recovery Centre	£503,670 annually and	8 bedded inpatient detoxification unit for male non-complex opiate users.	12 months Until end of March	Pooled Treatment Budget via Section	n/a this is a contract extension following the	Care & Commissioning

Directorate Contract	Contract Value	Scope of Contract	Length of New Contract	Funding	Planned Date for Invitation to Tender	Category
	total	This is a DAAT service : provided by Salvation Army	2013	256 agreement	decision to postpone a full procurement of this service	
CLC Community Drug Team	£690,377 annually and total	Community based service providing open access, key working, substitute prescribing and access to community care assessment for inpatient substance misuse treatment. Onsite needle exchange and blood borne virus services are provided This is a DAAT service: provided by Lifeline.	12 months Until end of March 2013	Pooled Treatment Budget via Section 256 agreement	n/a this is a contract extension following the decision to postpone a full procurement of this service	Care & Commissioning
CLC Isis Women's Service	£275,392 annually and total	Community based service for women only. Drop in advice, key working, substitute prescribing and counselling, needle exchange and blood borne virus services. This is a DAAT service: provided by Compass.	12 months Until end of March 2013	Pooled Treatment Budget via Section 256 agreement	n/a this is a contract extension following the decision to postpone a full procurement	Care & Commissioning

Directorate Contract	Contract Value	Scope of Contract	Length of New Contract	Funding	Planned Date for Invitation to Tender	Category
					of this service	
CLC Island Day Programme/ Changes Programme	£367,577 annually and total	Community based treatment service offering a 12 week abstinence based day programme including professional counselling, group work and preparatory aftercare work This is a DAAT service: provided by Rehabilitation of Addicted Prisoner's Trust	12 months Until end of March 2013	Pooled Treatment Budget via Section 256 agreement	n/a this is a contract extension following the decision to postpone a full procurement of this service	Care & Commissioning
CLC NAFAS/ASN	£410, 267 annually and total	Community based treatment service with a specialism around culture and religion, offering 12 week day programme and an aftercare package with interventions in counselling, harm minimisation and group work. This is a DAAT service: provided by Bangladeshi Drugs Project	12 months Until end of March 2013	£368,527 (LBTH revenue grant), AND £41,740 (Pooled Treatment Budget via Section 256 agreement)	n/a this is a contract extension following the decision to postpone a full procurement of this service	Care & Commissioning

