

Committee/Meeting: Cabinet	Date: 6 October 2010	Classification: Unrestricted	Report No:
Report of: Corporate Director: Resources Originating officer(s) Mark Abrahams Interim Service Head Procurement and Corporate Programmes Resources Ext 4608		Title: Contracts Forward Plan Wards Affected: All	

Lead Member	Cllr David Edgar
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 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 September 2010 to August 2011.
- 1.2 Only contracts which have not previously been reported are included in this report. The Contracts Forward Plan was last considered by Cabinet on 7 July 2010.

2. **DECISIONS 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, in 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 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.
- 3.2 It is a 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”

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

- 5.1.1.1 This report provides the forward plan for the period September 2010 – August 2011 (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 September 2010 to August 2011. 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 (other than those which have previously been reported with incomplete details, e.g. without contract values being stated, etc). 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 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.

- 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 financial and social considerations. The work of the Competition Board and the Procurement & Corporate Programmes Service ensures a joined-up approach to procurement. 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.
- 6.4 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. COMMENTS OF THE CHIEF FINANCIAL OFFICER

- 7.1 This report describes the Cabinet quarterly procurement report of the forward plan (September 2010 to August 2011) for revenue contracts over £250,000 in value and capital contracts over £5 million as required by the Council’s Procurement Procedures agreed by Cabinet on 4th November 2009.
- 7.2 Approximately £30.3M of goods and services will be procured from external suppliers over the period September 2010 to January 2011 and a substantial value of works through the capital programme. 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. 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 work stream.

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

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.

None

N/A

Report authors should refer to the section of the report writing guide which relates to Background Papers when completing this section. Please note that any documents listed in this section may be disclosed for public inspection. Report authors must check with Legal Services before listing any document as ‘background papers’.

APPENDIX ONE – NEW CONTRACTS PLANNED SEPTEMBER 2010 – AUGUST 2011

Contract No.		Description	Contract Period	Planned Date for Invitation to Tender	Estimated Annual Value	Notes
R	3116	Reprographics/Print	January 2011 - December 2013/2015	September 2010	£500k	Contracting strategy currently being delivered
R	3210	Security Framework	January 2011 to December 2015	October 2010	£300k	Contracting strategy currently being delivered
DR	3232	Temporary Accommodation	April 2011 – March 2014	November 2010	£26m	Contracting strategy currently being developed
R	3233	Vendor Neutral Managing Agent for Temporary Staff	March 2011 to February 2015/16	September 2010	£450k	Value is agent's estimated remuneration, not entire contract value.
CLC	3866	CLC Advocacy services for Victims of Domestic Violence	April 2011 – March 2014	October 2010	£528k	
R	3867	Combined Telephony and Network Circuits	April 2011 – March 2014	November 2010	£1.5m	Consortia agreements also being evaluated)in which case dates may change)
CLC	3232	Materials Recycling Facility (MRF)	Feb 2012 – Jan 2015	Jan 2011	£350k	Contracting strategy currently being developed