

Committee/Meeting: Cabinet	Date: 3 August 2011	Classification: Unrestricted	Report No:
Report of: Corporate Director: Resources		Title: Contracts Forward Plan	
Originating officer(s) Richard Parsons, Service Head Procurement and Corporate Programmes Resources Ext 4608		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 September 2011 to August 2012.
- 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 September 2011 to August 2012.
- 3.2 The Appendix shows known contracts to be let during the period, which have not been previously advised to Cabinet. It excludes one contract, which will be reported separately: namely, the Future Sourcing Strategic Partner, which is intended to appoint a strategic partner to assist the Council in delivering ICT services, Finance and HR systems, and potentially other back office services. This contract will be the subject of a separate report to Cabinet in due course.

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 September 2011 to August 2012 (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 2011 to August 2012. 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 quarterly procurement report of the forward plan (September 2011 to August 2012.) to be presented to Cabinet 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 £10.715M of goods and services will be procured from external suppliers over the period September 2011 to August 2012 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 the Mayor to comment on specific procurements at an early stage.

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

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, July 2011 to June 2012.

**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
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APPENDIX ONE – NEW CONTRACTS PLANNED JULY 2011 – JUNE 2012

Lead Directorate	Description	Contract Period	Planned Date for Invitation to Tender	Est. Value	Funding Source	Notes
D&R	Corporate Contract for Provision of Technical Advisers for Construction (including architects, quantity surveyors, engineers, clerks of works, health & safety advisers)	January 2012 – December 2015	N/A	£5m per annum	Mainly capital	Framework for provision of technical advice services relating to construction contracts.
CSF	Overnight short breaks lot one for children with Complex Needs and the Lot 2 for children with Autistic Spectrum Disorder (ASD)	December 2011 – November 2014			Revenue	
CSF	Milk for Schools	January 2012 – December 2014	August 2011	£370,000 per annum	Revenue	
AHWB	Independent Living Support Service	January 2012 - December 2014	August 2011	£300k	AHWB commissioning budgets	New Contract Service currently being piloted with Disability Coalition Tower Hamlets in order to inform service specification.

Lead Directorate	Description	Contract Period	Planned Date for Invitation to Tender	Est. Value	Funding Source	Notes
AHWB	Community Equipment services	January 2012 - December 2015	August 2011	£750k	AHWB commissioning budgets / PCT commissioning budgets.	All currently spot purchased via supplier catalogues.
AHWB	Information, advice and advocacy services	April 2012 - March 2015	August 2011	£275k	AHWB Commissioning Budgets	
AHWB	Learning disability day options (multiple contracts)	April 2012 - March 2015	September 2011	£2.9million	AHWB Commissioning Budgets	
AHWB	Mental Health day options (multiple contracts)	April 2012 - March 2015	September 2011	TBC	AHWB Commissioning Budgets	
AHWB	Carers Services (multiple contracts)	April 2012 - March 2015	September 2011	£1.05million	AHWB Commissioning Budgets	Review of Carers Strategy underway, and will lead to new commissioning plan.