

Committee/Meeting: CABINET	Date: 09 January 2013	Classification: Unrestricted	Report No: CAB 69/123
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 period Q3 of the Financial Year, covering October, November and December.
- 1.2 Only contracts which have not previously been reported are included in this report.
- 1.3 The HR service for recruitment of temporary workers will rely on the London Councils' MSTAR (managed service to temporary agency resources) collaboration framework. The framework will be accessed for the new in-house temporary worker recruitment service which will go live in April 2013. The contract spend will be approx. £15,000,000 annually and the contract will have a 36 month duration.

2. **DECISION REQUIRED:**

The Mayor in 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 following consultation with the Assistant Chief Executive (Legal Services) on the relevant terms and conditions of contract; and
3. authorise the Assistant Chief Executive (Legal Services) to execute all necessary contract documents in respect of the awards of contracts referred to at recommendation 2 above.

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 Q4 of the Financial Year and beyond.

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 Q4 of the Financial Year and beyond in 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 Q4 of the Financial Year and beyond. This plan lists all of the new contracts which have been registered with the Procurement Service, and which are scheduled for action during the reporting period.

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 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.
- 6.3 Equalities and diversity implications and other One Tower Hamlets issues are addressed through the Council's 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 Service ensures a joined-up approach to procurement.
- 6.4 The Tollgate process is a 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 for Q4 of the Financial Year and beyond to be presented to Cabinet for revenue contracts over £250,000 in value and capital contracts over £5 million.
- 7.2 Approximately £ 45,000,000 of goods and services will be procured from external suppliers over the period Q4 of the Financial Year and beyond.

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 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, procurement and management. This is assured through the Tollgate process, and supported through the Procurement 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

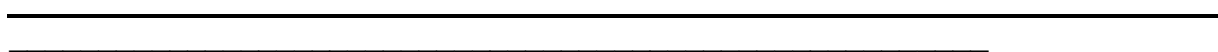
12.1 There are no specific crime and disorder reduction implications.

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 – New Contracts Planned :Q4 of the Financial Year and beyond.



Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2012

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

Appendix one – new contracts planned : Q4of the Financial Year and beyond

All contract values are estimated.

This presents information by directorate and by time.

This reflects the decisions of the Mayor regarding durations of contracts.

<i>Directorate and contract</i>	<i>Contract value</i>	<i>Scope of contract</i>	<i>Duration of new contract, or * contract extension</i>	<i>Funding</i>	<i>Planned date for Invitation to Tender or * contract signature or **contract notice</i>	<i>Category</i>
Resources R4414	<i>£250,000 annually</i> <i>£500,000 total</i>	Various insurances for : <ul style="list-style-type: none">• Terrorism• Fidelity Guarantee• Motor• Engineering Insurance & Inspection• Commercial Property• School Journey .	24 months	Revenue	** December 2012	Corporate Services and Soft FM

Directorate and contract	Contract value	Scope of contract	Duration of new contract, or * contract extension	Funding	Planned date for Invitation to Tender or * contract signature or **contract notice	Category
		<p>These policies are to be procured through the ILC. Tower Hamlets is a member of ILC.</p> <p>The ILC is a formal body set up under an S101 Agreement with Croydon as the Accountable Body. Croydon will undertake the tender competition on behalf of the ILC members.</p>				
Resources R4357	<i>£3,500,000, total</i>	<p>Leaseholder insurance :</p> <p>These policies are to be procured through the ILC. Tower Hamlets is a member of ILC.</p>	24 months + option to extend for 12 months	revenue	* February 2013	Corporate Services and Soft FM

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		<p>This insurance relates to those properties that have been sold to tenants on a 'right to buy' basis. It is a condition of the leases that the Council arranges insurance to ensure that if there is any damage funds are available to restore the properties– this insurance excludes contents and tenanted properties.</p> <p>The insurance ensures that the Council is not exposed to uninsured risks, includes 'common parts' such as stairwells and hallways and alleviates any administrative issues around leaseholders arranging their own insurance (i.e. seeing proof of cover).</p>				

<i>Directorate and contract</i>	<i>Contract value</i>	<i>Scope of contract</i>	<i>Duration of new contract, or * contract extension</i>	<i>Funding</i>	<i>Planned date for Invitation to Tender or * contract signature or **contract notice</i>	<i>Category</i>
		The award of this contract is subject to a Section 20 consultation procedure with Leaseholders				
Chief Executive CE3878	<i>£1,300,000 annually</i> <i>£3,900,000 total</i>	<u>Print and design framework</u> This is a new contract intended to bring together all council print and design work into one place to leverage savings, to ensure that procurement best practice is followed and to ensure an integrated approach to communications assets.	24 months + option to extend for 12 months	Revenue	* April 2013	Corporate Services and Soft FM

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		<p>The contract is to provide opportunities to local suppliers in Tower Hamlets borough and across the ELS sub-region.</p> <p>Up to ten suppliers, including local organisations will be admitted to the print and design framework to meet Tower Hamlets' needs.</p> <p>The contract will rely on mini-competitions between these 10 companies in exchange for exclusive access to all council business over a fixed term and will be managed through separate but specific software facilitating instant time for time pricing</p>				

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Chief Executive CE4364	<i>£350,000 annually</i> <i>£1,400,000 total</i> <i>(LBTH spend only)</i>	<p>Contract for the inter-borough council publications print contract which covers the print of EEL.</p> <p>The current contract will expire in March 2013.</p> <p>The contract has four boroughs collaborating together Hackney, Greenwich, Waltham Forest and Tower Hamlets. We are leading the procurement .</p> <p>The framework will be tendered on</p>	48 months	revenue	* April 2013	Corporate Services and Soft FM

Directorate and contract	Contract value	Scope of contract	Duration of new contract, or * contract extension	Funding	Planned date for Invitation to Tender or * contract signature or **contract notice	Category
		<p>the basis that other boroughs can join later up to a maximum tender sum.</p> <p>The contract will covers the print of papers and magazines.</p>				
Communities Localities & Culture CLC 4383	<p>£600,000 annually</p> <p>£1,800,000 total</p>	<p>Community Alcohol service</p> <p>Main alcohol service commissioned to provide a range of tier 2 and 3 services to alcohol users including key working, counselling and access to community and inpatient</p>	36 months	NHS ELC Mainstream	*1-04-2013	Care & Commissioning

Directorate and contract	Contract value	Scope of contract	Duration of new contract, or * contract extension	Funding	Planned date for Invitation to Tender or * contract signature or **contract notice	Category
		detox and residential rehabilitation				
Adults Health & Wellbeing AHWB 4396	<i>£6,104,000 annually</i> <i>£18,300,000 total</i>	Dom Care Framework : Domiciliary Care Preferred provider framework (seeking approximately 16 suppliers from whom services are to be spot purchased)	36 months + option to extend up to 12 months	Revenue	March 2013	Care & Commissioning
Development & Renewal DR4370	£450,000 annually £1,350,000 total	Office equipment : replacement of printers and MFDs. It is anticipated that this contract will be managed by our strategic partner (Agilisys). Should this not be possible it will be procured via a GPS framework using a mini-competition among the	Equipment and equipment support will be for 36 months	revenue	December 2012	Corporate Services and Soft FM

<i>Directorate and contract</i>	<i>Contract value</i>	<i>Scope of contract</i>	<i>Duration of new contract, or * contract extension</i>	<i>Funding</i>	<i>Planned date for Invitation to Tender or * contract signature or **contract notice</i>	<i>Category</i>
		<p>four framework suppliers.</p> <p>This will include replacing the current stock of MFDs and printers, located around the council's main sites and with our schools having the option to access the new contract.</p>				