

<b>Committee/Meeting:</b> CABINET	<b>Date:</b> 13 February 2013	<b>Classification:</b> Unrestricted	<b>Report No:</b> CAB 77/123
<b>Report of:</b>  <b>Corporate Director: Resources</b>  <b>Originating officer(s)</b> Service Head Procurement and Corporate Programmes  Resources Ext 4608		<b>Title:</b>  Special Contracts Forward Plan  <b>Wards Affected: All</b>	

<b>Lead Member</b>	Resources
<b>Community Plan Theme</b>	One Tower Hamlets
<b>Strategic Priority</b>	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 supply and service 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 in period Q3/Q4 of the Financial Year.
- 1.2 Only contracts which have not previously been reported are included in this report.

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 Corporate Director for the service area; and
2. Authorise the relevant Corporate Director who holds the budget for the service area to award the contract or contracts in consultation with the Assistant Chief Executive (Legal Services),

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 and after the period Q3/Q4 of the Financial Year.

### **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, whilst providing full visibility of contracting activity, therefore no alternative proposals are being made.

### **5. BACKGROUND**

- 5.1 This report provides the forward plan for the period Q3/Q4 of the Financial Year 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 Q3/Q4 of the Financial Year. 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 & Corporate Programmes' 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 which have not gone through the Asset Management Board approval system). 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 Q3/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 £4m of goods, services and works will be procured from external suppliers. 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' 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: Q3/Q4 of the Financial Year and beyond.

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

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: Q3/Q4 of the Financial Year

Directorate Contract	Contract Value	Scope of Contract	Length of New Contract, or Contract Extension	Funding	Planned Date for Invitation to Tender or * Contract signature.	Category
<b>Communities Localities &amp; Culture</b>  <b>EC 2997</b>	£700,000 – £1,000,000  <i>Total value</i>	<u>Contract extension for Street Lighting contract, EC 2809.</u>  The extension being sought is so that the Highways contracts are all brought in line to be managed strategically.  This contract extension will facilitate the re-alignment of the Highways contracts to support a re-procurement process in the future.  Please note that the extension does not require capital spend.	12 months  [ 01 July 2013 – 30 June 2014 ]	Revenue	July 2013	Construction and Hard FM
<b>Communities Localities &amp; Culture</b>  <b>EC 2986</b>	£200,000 Total value	<u>Contract extension for Gully Cleansing Works contract</u>  Maintenance and repair of highway gully, cleanout, jetting and washing etc EC 2986.  The extension being sought is so that the Highways contracts are all brought in line to be managed strategically.  This contract extension will facilitate the re-alignment of the Highways contracts to support a re-procurement process in the future.  Please note that the extension does not require capital spend.	12 months  [ 01 July 2013 – 30 June 2014 ]	Revenue	July 2013	Construction and Hard FM

Directorate Contract	Contract Value	Scope of Contract	Length of New Contract, or Contract Extension	Funding	Planned Date for Invitation to Tender or * Contract signature.	Category
<b>Adults Health and Wellbeing</b>  <b>AHWB 4223</b>	£609,000 total value	In Tower Hamlets, the LinkAge Plus service is commissioned jointly by the London Borough of Tower Hamlets and Tower Hamlets Primary Care Trust. Individuals aged fifty and over are eligible to access LinkAge Plus services, and referrals can be made by health professionals and care providers. Outreach workers seek-out clients who may be vulnerable and have been missed by other services, and older people can also self-refer to the service.	Contract extension 12 months	LBTH funding £309k and PCT funding £300k	April 2013	Care & Commissioning
<b>Development &amp; Renewal</b>  <b>H4340</b>	£225,000 Per annum  £675,000 Total value	<p><u>Tower Hamlets Rough Sleeper Outreach Project</u></p> <p>Reduce the number of people rough sleeping in Tower Hamlets to as close to zero as possible.</p> <p>Ensure the delivery of a reliable, innovative service that provide value for money, improve the health of rough sleepers and ensures that services are developed, delivered and reviewed in consultation with rough sleepers and the Council.</p> <p>The successful provider will deliver an innovative and effective service to speedily accommodate or reconnect rough sleepers. The Service will work in partnership with a range of agencies including the police, hostel providers, UKBA, day services, drug and alcohol services and health providers.</p>	24 months with 12 months extension.	Grant Funded	28 August 2012 (Has been given agreement from the mayor via lead member briefing from Colin Cormack)	Care and Commissioning