

Committee/Meeting: Cabinet	Date: 13 March 2013	Classification: Unrestricted	Report No: CAB 91/123
Report of: Corporate Director: Resources Originating officer(s) Service Head Procurement and Corporate Programmes Resources Ext 4385		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 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 Q4 of the Financial Year.
- 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 to contract award – should be brought before Cabinet prior to contract award by the appropriate Corporate Director for the service area and
2. Confirm which of the remaining contracts set out in Appendix1 can proceed to contract award after tender subject to the relevant Corporate Director who

holds the budget for the service area consulting with the Mayor and the relevant lead member prior to contract award.

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 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 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 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 Corporate 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 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 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 £115.7m of goods, services and works will be procured from external suppliers. There is one Capital project 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.
- 8.2 In accordance with the powers in the Public Services (Social Values) Act 2012, where appropriate, as part of the tender process bidders will be invited to state what community benefits which enhance the economic social

or environmental well-being of the borough are available through the contract in line with the Procurement Policy Imperatives adopted by Cabinet on 9th January 2013. The exact nature of those benefits will vary with each contract and will be reported at the contract award stage. All contracts which require staff based in London will require contractors to pay their staff the London Living Wage. Where the staff are based outside London an assessment will be carried out to determine if that is appropriate.

- 8.3 Contracts are recommended for a maximum period of three years except where there are particular circumstances relating to the procurement which warrant a longer period e.g. where equipment or premises needs to be provided by the contractor. Due to the requirement for the contractor to recover their investment in that equipment the cost of a shorter contract would not represent best value to the Council

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: Q4 of the Financial Year and beyond.

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: Q4of 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
AHWB 4352	£1,200,000 per annum £3,600,000 total value	<p><u>Framework for Community Equipment Services</u></p> <p>Community equipment Services (CES) provides equipment to disabled residents of London borough of Tower Hamlets.</p> <p>CES procure equipment from various suppliers after obtaining competitive quotes. The procurement of equipment includes a range of equipment-- Occupational Therapy, Physiotherapy, Nursing, Sensory and Assistive Technology including telecare. Also include PAT & LOLER testing and Assistive Technology.</p>	36 months	Revenue	April 2013	Care & Commissioning
AHWB 4397	£1,354,000 per annum £4,062,000 total	<p><u>Community Based Mental Health Services</u></p> <p>The procurement will cover a range of community based services which are to provide support and assistance to individuals with mental health problems.</p> <p>These services include a mix of services which are to be 'open access' and therefore accessible without any need to demonstrate eligibility, and services which are to be provided as part of an individual's support plan under the Care Programme Approach.</p> <p>The functional scope of the range of services include:</p> <ul style="list-style-type: none"> • advice and information; 	36 months	Revenue	June 2013	Care & Commissioning

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
		<ul style="list-style-type: none"> • day time support, including therapeutic interventions; • support to access and maintaining employment, • other similar community based activities. <p>These services are currently being reviewed, and the exact nature of the contracts to be tendered through this procurement will be determined following the outcomes of this review in early 2013.</p>				
AHWB 4398	<p>£252,000 per annum</p> <p>£756,000 total</p>	<p><u>Older People and Other Community Based Services</u></p> <p>Older people and other community based services covering the following :</p> <ul style="list-style-type: none"> • Befriending service • Older people reference groups • Visual impairment co-ordination service • Elderly support service • Peer support for the blind • Independent mental capacity advocacy. <p>The number, size and scope of individual contracts to be let will be determined following the completion of a review of existing services in mid-2013.</p>	36 months	Revenue	September 2013	Care & Commissioning

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
DR4426	£133,000 per annum £400,000 total	<p><u>Environmental Impact Assessment (EIA) Review</u></p> <p>Contract is for re-procurement of the independent review of Environmental Statements (ESs), submitted with planning applications, independent review of draft ESs submitted during pre-application discussions and provision of advice on the scope of ESs.</p> <p>Current contract has been in place for a number of years and has been successful in delivering an efficient and effective review system, speeding up decision making on planning applications and avoiding external legal challenges arising from the EIA process.</p>	36 months	Funded through planning application fees and Planning Performance Agreements (PPAs).	Contract to commence on 1st July 2013	Construction & FM
Communities Localities & Culture CLC 4375	£500,000 - £2,000,000 annually £8,000,000 total	<p><u>Landscape Framework Contract:</u></p> <p>Hard landscaping activities including removal, repair and replacing of paths, walls, fences and other outdoor structures. Ground reinforcement work. Creation and improvement of water features. Supply and installation of Playground equipment and repair and replacement of metal works.</p>	36 Months	Capital and Revenue (including S106 and Community Infrastructure Levy funding)	Issue OJEU Notice 1 st April 2013	Construction & 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
<p>Communities Localities & Culture</p> <p>CLC 4371</p>	<p>Value of Lot 1 – Up to £2.1M per annum</p> <p>Value of Lot 2- Up to £8M per annum</p> <p>Value of Lot 3 – between £500k and £1M per annum</p> <p>Value of Lot 4 - £1M per annum</p>	<p>Highway Maintenance and Improvement Works</p> <p>Lot 1 - Carriageway and Footway Maintenance and Gully Cleansing Works: Carriageway and Footway condition and defect inspections, repair, resurfacing, patching of carriageways. Road markings and friction surfacing etc, remedial works to flexible and rigid footways, kerbing, edging and repair and replacement of non-illuminated street furniture, Maintenance and repair of highway gully, cleanout, jetting and washing etc</p> <p>Lot 2 - Highways Capital Works: Reconstruction/realignment/resurfacing of the highway. Major drainage works, street furniture schemes. Other civil engineering work, hard landscaping, road markings, traffic calming measures etc.</p> <p>Lot 3 – Street Lighting Maintenance: Repair and replacement of street lighting lamps and fittings and other electrical street furniture including KLB's and internally lit signs</p> <p>Lot 4 – Street Lighting Replacement Programme: Supply and installation of replacement lamp columns and lamps</p>	<p>60 Months (plus option to extend for a further 24 months)</p>	<p>Capital and revenue (some funding is from external sources)</p>	<p>Issue OJEU Notice May/June 2013</p>	<p>Construction and Hard FM</p>

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
<p>Adults Health and Wellbeing</p> <p>AHWB 4378</p>	<p>£487,000 annually</p> <p>£1,461,000 total value</p>	<p><u>Extra Care Sheltered Housing</u> – Care and support element in four Extra Care Sheltered Housing Schemes for older people (65+). Provides on-site care and support for vulnerable tenants that enables them to continue living in their own homes (within the sheltered scheme) for longer than would otherwise be the case, providing a more appropriate and cost-effective alternative to other more costly forms of care provision.</p>	<p>36 Months</p>	<p>Revenue</p>	<p>April 2013</p>	<p>Care & Commissioning</p>
<p>CLC4428</p>	<p>£320,000 per annum</p> <p>£960,000 Total income value</p>	<p><u>Victoria Park – Commercial Events Concession</u> The aim of this concession contract is to offer a major events company/consortium the opportunity to bid for major event days (number of day tbc) in Victoria Park, with an audience of between 15,000 – 40,000 daily, in return for an annual fee to be paid to the Council.</p> <p>This concession opportunity has not previously been offered by the Council via a formal tender process. Although a commercial event programme has been delivered yearly by a range of providers in Victoria Park via a Park Hire application process managed by the Arts and Events team.</p> <p>A three year contract with the option of 12 months extension* is proposed to provide some financial certainty, as the projected income target is expected to contribute to MTFP and the Councils budget.</p>	<p>36 months Please see ‘*’ regarding a possible extension for one year.</p>	<p>No funding required – income generation</p>	<p>September 2013</p>	<p>Corporate Services</p>

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
AHWB 4396	<p>£6,354,000 <i>per annum</i></p> <p>£12,708,000 <i>Total Value</i></p>	<p><u>Domiciliary Care Preferred Provider Framework</u></p> <p>Domiciliary Care Preferred provider framework (seeking approximately 16 suppliers from whom services are to be spot purchased)</p>	24 months	Revenue	Issue OJEU notice 30th March 2013	Care & Commissioning