

Committee/Meeting: CABINET	Date: 3 JULY 2013	Classification: Unrestricted	Report No: CAB 009/134
Report of: Corporate Director: Chris Holme Originating officer(s) Zamil Ahmed – Senior Procurement Manager 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 Q2 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 Q2 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 Q2 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 Q2 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 Q2 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 £175m 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: Q2 of the Financial Year and beyond.

Local Authorities (Executive Arrangements) (Meetings and 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: Q2 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
<p>ESCW (AHWB) 4223</p>	<p>£609,000 per annum £1,827,000 total</p>	<p><u>Linkage Plus</u> LinkAge Plus service provides individuals aged fifty and over with access to adult care services and is to be procured jointly with CCG. 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.</p>	<p>36 months</p>	<p>Revenue Funded</p>	<p>June 2013</p>	<p>Care & Commissioning</p>
<p>ESCW 4468</p>	<p>£354,000 per annum £1,062,000 total</p>	<p><u>Direct Payment Support Service</u> The Direct Payment Support Service provides specialist support to individuals who have chosen to take their Personal Budget as a Direct Payment or cash Personal Budget. The service provides assistance with setting up packages of support, including specialist support where individuals are using their Direct Payment to employ a Personal Assistant (and therefore assume the responsibilities that come with being an employer). The service is provided to adults with eligible community care needs, and to disabled children and their families. The service currently works with around 600 adults and 90 disabled children and their families, and there is an expectation that the volume of activity will continue to increase over the life of the contract.</p>	<p>24 months plus 12 months extension</p>	<p>Revenue funded</p>	<p>July 2013</p>	<p>Care and Commissioning</p>
<p>ESCW (AHWB) 4458</p>	<p>£180,000 per annum £540,000 total</p>	<p><u>Carers Support Services</u> A range of carers support services including support for carers of people with dementia, support for BME carers including information and advice and short relaxation breaks with a provision for emergency respite breaks through emergency</p>	<p>24 months plus 12 months extension</p>	<p>Revenue funded</p>	<p>July 2013</p>	<p>Care and Commissioning</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>cards.</p> <p>The support services for carers aim to ensure that carers are proactively supported, that it is carer focused and promotes independence, personal choices and participation for carers in the community in which they live. The Carers Support Services will be founded on the principles of a carer centred approach and the emphasis will be on helping carers to access information, services and support and to ensure they have a life of their own outside of caring to participate in the activities and goals they have for themselves.</p>				
<p>ESCW (CSF) 4469</p>	<p>£225,800 per annum £677,400 total</p>	<p><u>Young People's Substance Misuse Service</u> The tender will be for the provision of a Tier 3 specialist young people's substance misuse treatment service which will offer a variety of interventions that support young people up to 18 with problematic drug and alcohol use. The service will also be responsible for the clinical governance of the service and of the work of the YOT substance misuse officer. This contract is part of the UNICEF/Tower Hamlets Partnership, Child Rights Pilot Project.</p>	<p>24 months plus 12 months extension</p>	<p>Revenue funded</p>	<p>1st April 2014</p>	<p>Care and Commissioning</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
Development & Renewal DR4455	£5m per annum Total Contract Value £15m	<p><u>Mechanical & Electrical works</u> This contract is to provide electrical and mechanical reactive and statutory requirements services across all council building, inc public, commercial and schools.</p> <p>The new contract will provide single point of contact, economy of scale, improved relationships and enable cash flow that will support the community benefit targets.</p>	36 months	Mixture of funding from Revenue/ Capital/ Grant	Planned Date to invite tenderers 17/07/2013 Planned Award date 31/03/2014	Construction & FM
CLC4473	£567,000 - £1,317,000 per annum From £1,700,000 – £3,950,000 Total value	<p><u>Removal of Nuisance Vehicles in the Borough</u> This contract is for the re-procurement of a contract to remove vehicles that have been parked illegally/dumped within the borough. These vehicles can present a risk to residents' safety as well as be unsightly, so a timely and safe method of removal is required. This contract has a higher potential value than the current contract, this is to allow us to obtain tenders that may or may not include the car pound and the option to incorporate THH requirements. The current contract was set up in 2010 and has been quite successful.</p>	36 months	Revenue funded	Planned Date to invite tenderers 1/6/2013	Corporate Services
CSF4207	£125,000 per annum £375,000 total	<p><u>Supply of Cleaning Materials</u> This project is for the supply of cleaning materials for use in schools and other municipal buildings. LCSG framework was assessed as not being cost effective or competitive due to costs being £60k a year higher than currently spend. Therefore the only viable option is to go out to market as it is a very competitive market. In addition collaborative partners were sought via ELS of which none showed an interest to participate.</p>	3 Years	Revenue funded	Expected Award July 2013	Corporate Services

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
CLC4166	<p>£150,000 per annum</p> <p>(£120,000 per annum for Lot 1 and</p> <p>£30,000 per annum for Lot 2</p> <p>Estimated</p> <p>£450,000 total.</p>	<p><u>Supply of Pay and Display Parking Machines and Spare Parts</u></p> <p>This contract supports the delivery of the Council's Parking services. At present the Council provides customers with an option of two ways to pay for a parking session, either by mobile phone or by purchasing a ticket from Pay and Display Machines. Currently the Council has over 460 P&D machines throughout the borough, some of which are nearing the end of their operational life and so will need replacing. Other P&D machines will need regular maintenance in order to keep them operational and so a supply of spare parts is also required. The Contract will be offered in two Lots:</p> <p>Lot 1 – Supply and installation of new Pay and Display Machines</p> <p>To supply and install new or replacement Pay and Display Machines for the Council's on-street parking services. To provide training on the operation and maintenance of the Pay and Display machines and provide a service to supply spare parts for the Council's own maintenance programme</p> <p>Lot 2 – Supply of spare parts for current Pay and Display Machines</p> <p>To supply spare parts for the Council's own maintenance programme for Pay and Display machines that are currently in operation at on-street Parking Locations within the borough.</p>	36 months	Revenue	1 st July 2013 (Issue OJEU Notice)	Corporate Services