Committee/Meeting:	Date:	Classification:	Report No:
Cabinet meeting	14 March 2012	Unrestricted	CAB 087/112

Report of:	Title:
Corporate Director: Resources **Originating officer(s)** Hugh Sharkey, Service Head Procurement and Corporate Programmes Resources Ext 4608	Contracts Forward Plan **Wards Affected:** All

Lead Member	Resources
Community Plan Theme	One Tower Hamlets
Strategic Priority	Resources

1. SUMMARY

The information contained herein relates to urgent cases that need to be reported separately to Cabinet .

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 last quarter of 2011/12.

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 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 last quarter of 2011/12.

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 last quarter of 2011/12. (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 last quarter of 2011/12. 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 for the last quarter of 2011/12 to be presented to Cabinet for revenue contracts over £250,000 in value and capital contracts over £5 million.

7.2 Approximately **£27M** of works, goods and services will be procured from external suppliers over the period of the last quarter of 2011/12. 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 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 : last quarter of 2011/12.

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.
None	**N/A**

APPENDIX ONE – NEW CONTRACTS PLANNED : LAST QUARTER OF 2011/12.

Lead Directorate	Description	Contract Period	Planned Date for Invitation to Tender	Est. Value	Funding Source	Notes
Development & Renewal	Viability Consultants Procurement	3 years July 2012 – June 2015	March 2012	£150,000 per annum.	D&R Capital	This contract is to support the Council in performing development viability assessments. The OJEU Notice is to be published in March 2012.
Development & Renewal	**Mulberry Place Redesign, Refurbishment and Refitting Works**	**March 2012- February 2013**	**Work to be undertaken by the LEP**	**Up to £3,800,000**	**Revenue**	**The re-design and works contract for Mulberry Place as part of the Smarter Working programme, to accommodate the decant from Anchorage House. This is an essential part of the overall programme, which will achieve significant financial savings.**
Development & Renewal	**Watts Grove : Affordable Housing Development**	**4 years** **October 2012- September 2016** **Subject to speed of competitive dialogue**	**March 2012**	**£40,000,000 for new works & Following competitive dialogue competition.**	**Revenue**	**The London Borough of Tower Hamlets wish to appoint one or more experienced development organisations to undertake the Development, Design, Build and Finance of a 100% affordable housing scheme.** **This is to create between 120 and 130 new residences.**

Lead Directorate	Description	Contract Period	Planned Date for Invitation to Tender	Est. Value	Funding Source	Notes
CLC	Provision of special needs and other passenger transport services. <u>Contract extension</u>	4 months Extend through until end November 2012	March 2012	£800, 000	Revenue	This is a Corporate contract covering services delivered by CLC, CSF and AHWB. The current contract is due to expire in July 2012. The contract is to be extended to maintain services over the summer and Olympics and Paralympics, to avoid risks in mobilisation and start-up in the new transport services contract. This extension requires Cabinet approval. The current contracts are Part B services under the European Procurement regime and are to be extended to allow a competitive procurement to take place, so openness and transparency can be evidenced, see below.
CLC	Provision of special needs and other passenger transport services.	4 years December 2012 - Jan 2016	March 2012	£2.5m per annum.	Revenue	With the existing contract coming to an end there is a new contract to be created. This will cover services delivered by CLC, CSF and AHWB. This is to be done using a Framework agreement. The nature of this contract will be largely dictated by the client specifications and procurement objectives of CLC, CSF and AHWB.

Lead Directorate	Description	Contract Period	Planned Date for Invitation to Tender	Est. Value	Funding Source	Notes
CLC	Provision of Grounds Maintenance works across all TH parks and open spaces. <u>A temporary arrangement.</u>	11 months 1 Feb 2012 to 31January 2013	March 2012	Up to £1.4 million	Revenue	This is for a temporary arrangement that will be in place until a longer term strategy is made. Due to the current contractor, Fountains Ltd, going into administration, a temporary arrangement has been put in place to ensure the Council's Health & Safety and contractual responsibilities can be fulfilled. An update on discussions with the Administrator of Fountains Ltd will be given at Cabinet.
CLC	Provision of Grounds Maintenance works across all TH parks and open spaces.	5 years 1 Feb 2013 to 31January 2018	March 2012	Up to £800, 000 per annum	Revenue	This is for the appointment of a new contractor. The new contract is to have a strictly horticultural service.

Lead Directorate	Description	Contract Period	Planned Date for Invitation to Tender	Est. Value	Funding Source	Notes
Resources	Provision of Banking Services and Transactional Services combined	7 years [5 + 2 years extension] 1st June 2012 – 31st May 2017	March 2012	Lot 1 – £70k per annum Lot 2 - £290,000 per annum	Revenue	TH to tender for provision of 2 services, as lots 1 and 2 below: Lot 1: Payments Cards Lot 2: Banking Services
Resources	Provision of Microsoft Enterprise Licences	3 years 1st April 2012 – 31st March 2015	Contract award is to be made in March 2012	£465,000 per annum	Revenue	Procurement is via a mini-competition and using a Government Procurement Service Framework

Lead Directorate	Description	Contract Period	Planned Date for Invitation to Tender	Est. Value	Funding Source	Notes
AHWB	Residential & Nursing Care provision. <u>Contract extension until end November 2012</u> (Peter Shore Court & Pat Shaw House).	5 months Extend until November 2012	March 2012	£700,000	Revenue	Provision to extend current contracts until end November 2012 The contract award / extension will need to be agreed by Cabinet. The current contracts are Part B services under the European Procurement regime and are to be extended to allow a competitive procurement to take place, so openness and transparency can be evidenced.
AHWB	**Information and advice, emotional support, benefits advice, stress management, and mental health support.** **<u>Contract extension until end March 2013</u>**	**12 months** **Extend until March 2013**	**April 2012**	**£290,000**	**Revenue**	**The AHWB and CSF directorates are to deliver their Transformation agenda in which the directorates will merge.** **This contract is part of the AHWB Carers Strategy**