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**Decision Maker:** **CARE SERVICES POLICY DEVELOPMENT AND SCRUTINY COMMITTEE**

**Date:** **Tuesday 5 September 2017**

**Decision Type:** Non-Urgent Non-Executive Non-Key

**Title:** **CONTRACT ACTIVITY – INFORMATION BRIEFING**

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**Chief Officer:** Director of Programmes

**Ward:** Borough-wide

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1. Reason for report

- 1.1 The Portfolio Holder for Care Services and the Care Services Policy Development and Scrutiny Committee receive regular reports on contracts with a value of £50k or over that are relevant to the Care Services Portfolio.

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2. **RECOMMENDATIONS**

- 2.1 **The Portfolio Holder for Care Services and the Care Services Policy Development and Scrutiny Committee are asked to note the contents of this information briefing.**

### Impact on Vulnerable Adults and Children

1. Summary of Impact: Not Applicable
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### Corporate Policy

1. Policy Status: Existing Policy:
  2. BBB Priority: Not Applicable:
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### Financial

1. Cost of proposal: Not Applicable:
  2. Ongoing costs: Not Applicable:
  3. Budget head/performance centre: N/A
  4. Total current budget for this head: £N/A
  5. Source of funding: N/A
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### Personnel

1. Number of staff (current and additional): N/A
  2. If from existing staff resources, number of staff hours: N/A
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### Legal

1. Legal Requirement: None:
  2. Call-in: Not Applicable: Information Briefing item.
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### Procurement

1. Summary of Procurement Implications: As detailed in report.
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### Customer Impact

1. Estimated number of users/beneficiaries (current and projected): N/A
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### Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: Not Applicable

### 3. COMMENTARY

- 3.1 Since the last Contract Activity report considered by the Care Services Policy & Development Scrutiny Committee (PDS) in March 2017, there have been a number of significant changes.
- 3.2 To date, reports have been authored by the Corporate Contract Monitoring Team. In June 2017, the Education, Care & Health Services (ECHS) department was restructured to centralise commissioning and procurement resource within a single team – the Programmes Team. The Programmes Department is organised into two divisions: Design and Delivery. The Delivery Team provides support to ECHS on contract delivery, including oversight of procurement and contract management. In August 2017, it was agreed that the Programme Delivery Team would be responsible for Contract Monitoring reports to the relevant Portfolio Committees that cover ECHS.
- 3.3 Also to date, the Contract Activity report has been derived from the ECHS Contract Register maintained by Corporate Procurement. Across the Council, all departmental contract registers have been replaced by a central Contract Database (CDB). All records on the CDB are to be maintained by the individual Contract Owners and the CDB will produce all Contract Activity data through bespoke reports to each relevant Committee. The introduction of the CDB will support consistency of approach across the Council, clarity in reporting to Members and will greatly improve Contract Management especially as the functionality of the CDB is developed over time.
- 3.4 At the time of writing of this report, the CDB is still in the process of being populated and accuracy checked. In addition, the CDB does not yet have the functionality of producing a bespoke report for Care Services PDS for all Care Services contracts with a value of £50k or over. Therefore the Contract Activity Report for Care Services, attached at Appendix 1, has been manually extracted from the CDB. While every care has been taken to ensure the accuracy and comprehensiveness of the report, it is inevitable that omissions and inaccuracy may be present given that the CDB is still in the process of being populated. It is expected that future reports will have no such issues.
- 3.5 A key point for the Committee to note is the Overall Risk Rating for each contract and the Procurement Risk Rating. Previously the risk rating of the ECHS Contract Register was set based on a review of the status of each contract allowing the Contract Activity report to focus on High and Medium risk contracts – a Red / Amber / Green traffic light system. The CDB assigns two Risk ratings using a Red / Orange / Yellow / Green system.
- 3.6 The Overall Risk Rating is assigned automatically based on a number of factors such as the value of the contract and the size of the provider – this Risk Rating cannot be amended but does not indicate any action required except in relation to the management of the contract.
- 3.7 The Procurement Risk Rating is automatically assigned based on the end date of each contract and the contract value. Red for example indicates contracts that are close to their end date, flagging contracts as Red earlier as the value increases (contracts with a value of over £500k are flagged as Red eighteen months before the end date). Orange indicates a lower value, changing to Red as the end date approaches – and so on. Table 1 illustrates the Procurement Rating system.

**Table 1: Procurement Rating System**

Period	Procurement/Commissioning Status					
	3 months	R	R	R	R	R
	6 months	A	R	R	R	R
	9 months	Y	A	R	R	R
	12 months	G	Y	A	R	R
	18 months	G	G	Y	A	R
		£5k - £50k	£50k - £100k	£100k - £173k	£173k - 500k	>£500k
Total Contract Value						

  

<b>Red</b>	Requires an agreed plan
<b>Amber</b>	Develop/test options
<b>Yellow</b>	Consider options
<b>Green</b>	No action required

- 3.8 However, the Procurement Rating does not take into account known factors such as whether a contract is a one off contract, expected to come to an end by its expiry date; or that a contract has already been retendered and a new contract award put in place. Inevitably, the number of Red rated contracts has significantly increased – however, this does not necessarily reflect a contract that is ‘at risk’ as appropriate action may already in place for each of those contracts. Therefore, the Committee is asked to consider the accompanying commentary against each contract to identify which contracts, if any, are actually at risk. None are considered to be high risk at this time.
- 3.9 In future reports, the Contract Activity report will, within the body of the report, identify all contracts deemed to be high or medium risk with detail on the action plan in place to resolve any issues. It has not been possible to include that within this report due to the transitional factors described above.
- 3.10 All Gateway reviews and contract awards for contracts over £500k or extensions / exemptions for contracts over £100k will continue to be considered individually at Care Services PDS.
- 3.11 The Contracts Sub-Committee has recommended that future Contract Activity reports should be a substantive item at PDS committees, rather than an Information Briefing item. Subject to agreement by the Chairman of Care Services PDS Committee, future reports will adopt this approach.

<b>Non-Applicable Sections:</b>	Impact on Vulnerable Children and Adults, and Policy, Financial, Personnel, Legal and Procurement Implications
Background Documents: (Access via Contact Officer)	N/A