

**Decision Maker:**        **CONTRACTS SUB-COMMITTEE**

**Date:**                    **29 MARCH 2018**

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

**Title:**                    **Corporate Contract Register & Contract Database Update**

**Contact Officer:**        Dave Starling, Head of Commissioning & Procurement  
Tel: 020 8313 4639 E-mail: [Dave.Starling@bromley.gov.uk](mailto:Dave.Starling@bromley.gov.uk)

**Chief Officer:**        Lesley Moore, Director of Commissioning & Procurement  
Tel: 020 8313 4633 E-mail: [Lesley.Moore@bromley.gov.uk](mailto:Lesley.Moore@bromley.gov.uk)

**Ward:**                    All Wards

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1. Reason for report

- 1.1 This report presents March 2018's Corporate Contracts Register for consideration.
  - 1.2 Detailed scrutiny of individual contracts is the responsibility of the six PDS Committees but Contracts Sub-Committee takes an overview of the Council's larger value (£200k+) contracts to ensure that commissioning and procurement activity is progressed in a consistent manner.
  - 1.3. The Contracts Register presented in 'Part 2' of this agenda includes a commentary on each contract to inform Members of any issues or developments.
  - 1.4. This report also updates Contracts Sub-Committee on progress with the Council's Contract Database (which generates the Contract Registers, among other things).
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**2. RECOMMENDATIONS**

**That Contracts Sub-Committee:**

- 2.1 Notes that the appended Contract Register forms part of the Council's commitment to data transparency and that the Contract Register presented in Part 2 includes a commentary – elements of which may be commercially sensitive.**
- 2.2 Notes the content of this report, including progress regarding the Contract Database.**

### Impact on Vulnerable Adults and Children

1. Summary of Impact: The Corporate Contracts Register covers all Council services: both those used by all residents and those specifically directed towards vulnerable adults and children. Addressing the impact of service provision on the vulnerable is a matter for the relevant procurement strategies, contracts, and service delivery rather than this summary register.
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### Corporate Policy

1. Policy Status: Existing Policy:
  2. BBB Priority: Excellent Council:
- 

### Financial

1. Cost of proposal: Estimated £60k in total
  2. Ongoing costs: - N/A
  3. Budget head/performance centre: Commissioning & Procurement
  4. Total current budget for this head: £50k
  5. Source of funding: Existing revenue budget 2017/18
- 

### Personnel

1. Number of staff (current and additional): -
  2. If from existing staff resources, number of staff hours: -
- 

### Legal

1. Legal Requirement: Statutory Requirement:
  2. Call-in: Not Applicable:
- 

### Procurement

1. Summary of Procurement Implications: Improves the Council's approach to contract management
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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? N/A
2. Summary of Ward Councillors comments: N/A

### 3. COMMENTARY

#### Corporate & PDS Contracts Registers

- 3.1 The appended Corporate Contracts Register details key information on the Council's 167 active contracts with a Total Contract Value (TCV) greater than £200k (as of 16 March 2018, when the database snap-shot was taken). The Register is generated from the Contracts Database (CDB), which is administered by Commissioning & Procurement Directorate but populated by the relevant Contract Owners.
- 3.2 As a Commissioning Council, this information is vital to facilitate an accurate, comprehensive and up-to-date understanding of the Council's procurement activity, opportunities and costs.
- 3.3 Each PDS committee meeting (following this meeting) will receive an extract from the CBD of its active contracts with a TCV greater than £50k. Each PDS committee undertakes detailed scrutiny of its contracts – including scrutinising suppliers – and holds their Portfolio Holder to account regarding service quality and procurement arrangements.
- 3.4 A full list of the Council's active contracts held on the Contracts Database (irrespective of value) will be uploaded to [Bromley.gov.uk](http://Bromley.gov.uk) immediately following this meeting as part of the Council's ongoing commitment to data transparency.
- 3.5 Contracts Sub-Committee will receive the next Contracts Register at its 17 July 2018 meeting.

#### Contract Register Summary

- 3.6 Key data from March 2018's Corporate Contracts Register are summarised in the table below.

Item	Category	September 2017	November 2017	March 2018
<b>Contracts (&gt;£200k TCV)</b>	All Portfolios	<b>179</b>	<b>161</b>	<b>167</b>
<b>Flagged as a concern</b> 	All Portfolios	11	14	12
<b>Capital Contracts</b>	All Portfolios	22	15	13
<b>Portfolio</b>	Care Services	82	73	75
	Environment	19	19	18
	Education, Children & Families	25	18	22
	Public Protection & Safety	6	6	5
	Renewal & Recreation	10	9	8
	Resources	37	36	39
<b>TOTALS</b>		<b>179</b>	<b>161</b>	<b>167</b>
<b>Risk Index</b>	Red	19	17	16
	Amber	88	74	79
	Yellow	66	64	66
	Green	6	6	6
<b>TOTALS</b>		<b>179</b>	<b>161</b>	<b>167</b>
<b>Procurement Status</b>	Red	62	57	87
	Amber	52	44	25
	Yellow	25	21	13
	Green/other	40	39	41
<b>TOTALS</b>		<b>179</b>	<b>161</b>	<b>167</b>

- 3.7 There are currently 167 contracts with a TCV of greater than £200k – which is an increase of six over the figure reported in November 2017.
- 3.8 Officers are required to create a record for every contract with TCV greater than £50k but some officers are also recording contracts down to a TCV of £5k. Currently, the CDB holds 697 contract records (of all values): 406 of which are active and 291 have expired.

### Contract Register Key

- 3.9 A key to understanding the Corporate Contracts Register is set out in the table below.

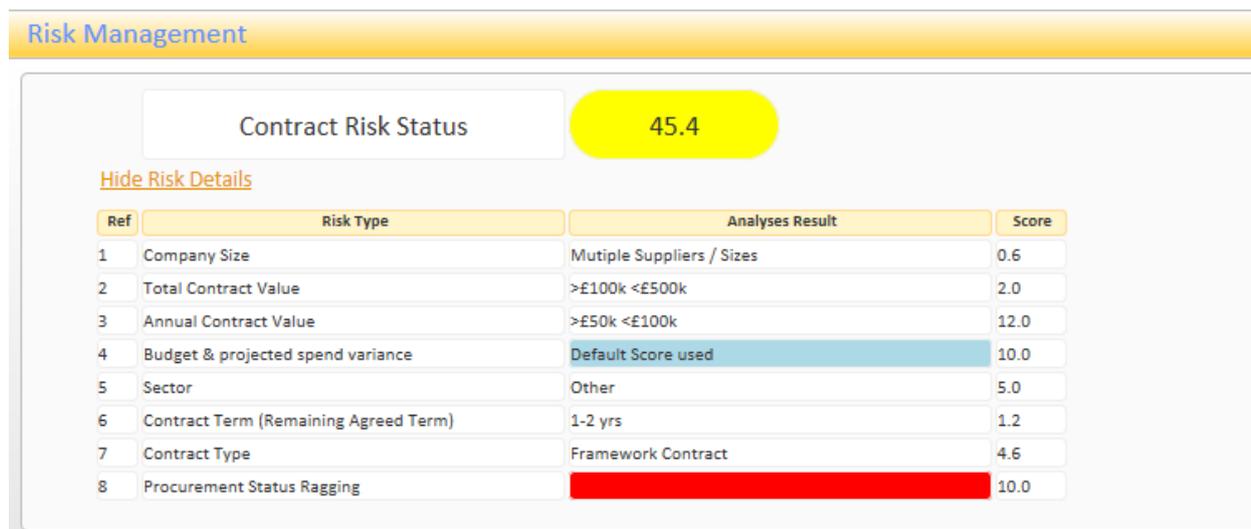
Register Category	Explanation
<b>Risk Index</b>	Colour-ranking system reflecting eight automatically scored and weighted criteria providing a score (out of 100) / colour reflecting the contract's intrinsic risk
<b>Contract ID</b>	Unique reference used in contract authorisations
<b>Owner</b>	Manager/commissioner with day-to-day budgetary / service provision responsibility
<b>Approver</b>	Contract Owner's manager, responsible for approving data quality
<b>Contract Title</b>	Commonly used or formal title of service / contract
<b>Supplier</b>	Main contractor or supplier responsible for service provision
<b>Portfolio</b>	Relevant Portfolio for receiving procurement strategy, contract award, contract monitoring and budget monitoring reports
<b>Total Contract Value</b>	The contract's value from commencement to expiry of formally approved period (excludes any extensions yet to be formally approved)
<b>Original Annual Value</b>	Value of the contract its first year (which may be difference from the annual value in subsequent years, due to start-up costs etc)
<b>Budget</b>	Approved budget for the current financial year. May be blank due to: finances being reported against another contract; costs being grant-funded, complexity in the finance records e.g. capital (also applies to Projection)
<b>Projection</b>	Expected contract spend by the end of the current financial year
<b>Procurement Status</b>	Automatic ranking system based on contract value and proximity to expiry. This is designed to alert Contract Owners to take procurement action in a timely manner. Red ragging simply means the contract is nearing expiry and is not an implied criticism (indeed, all contracts will ultimately be ragged 'red').
<b>Start &amp; End Dates</b>	Approved contract start date and end date (excluding any extension which has yet to be authorised)
<b>Months duration</b>	Contract term in months
<b>Attention </b>	Red flag denotes Commissioning & Procurement Directorate's concern regarding procurement arrangements (also see C&P Commentary in Part 2)
<b>Commentary</b>	Contract Owners provide a comment – especially where the Risk Index or Procurement Status is ragged red or amber. Commissioning & Procurement Directorate may add an additional comment for Members' consideration <i>The Commentary only appears in the 'Part 2' Contracts Register</i>
<b>Capital</b>	Most of the Council's contracts are revenue-funded. Capital-funded contracts are separately identified (and listed at the foot of the Contracts Register) because different reporting / accounting rules apply

### Contract Register Order

- 3.10 The Contracts Register is output in Risk Index order. It is then ordered by Procurement Status, Portfolio, and finally Contract Value. Capital contracts appear at the foot of the Register and 'contracts of concern' (to Commissioning & Procurement Directorate) are flagged at the top.

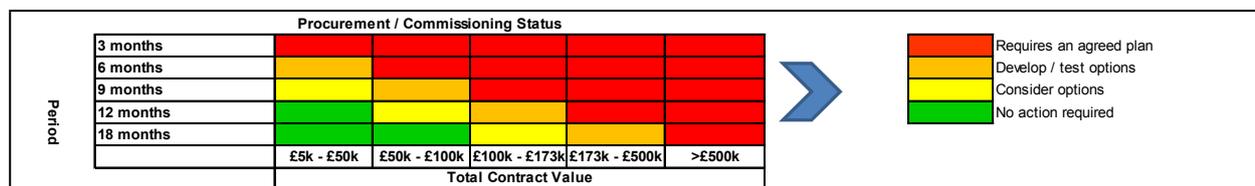
## Risk Index

3.11 The Risk Index is designed to focus attention on contracts presenting the most significant risks to the Council. Risk needs to be controlled to an acceptable level (our risk appetite) rather than entirely eliminated and so the issue is how best to assess and mitigate contract risk. Contract risk is assessed (in the CDB) according to eight separate factors and scored and weighted to produce a Risk Index figure (out of 100). These scores are ragged to provide a visual reference.



## Procurement Status

3.12 A contract's Procurement Status is a combination of the Total Contract Value (X axis) and number of months to expiry (Y axis). The table below is used to assign a ragging colour. Contracts ragged red, amber or yellow require action – which should be set out in the Commentary. Red ragging simply means the contract is nearing expiry and it is not an implied criticism (indeed, all contracts will ultimately be ragged 'red').



## Contract Database Update

3.13 Workstream One resulted in the Contracts Database and Contracts Register reporting system. A number of important legacy issues are currently being addressed including: managing suppliers' details; data archiving; adopting the Common Procurement Vocabulary; document confidentiality; inflation indexing; and omissions and variance reporting.

3.14 Workstream Two comprises The Authorisation Project and the Document Management Project. These are a response to Priority One recommendations from two recent Internal Audit reports:

- Waiver Audit, which prompted an systems-based approach to authorising and varying contracts and
- Contract Monitoring Audit, which prompted the design of a Document Management System for storing and retrieving key contract documents.

3.15 Workstream Three concerns Alerting and Workflow and is designed to facilitate the Authorisation Process and the production of Contract Registers (i.e. there will be less manual

intervention as the system will automatically prompt / guide Contract Owners to use the correct forms / complete the required information).

- 3.16 These workstreams are in-flight and will be delivered over the course of the year. Going forward, the database system would potentially be capable of delivering even greater value including: producing Risk Registers (in the same way that Contract Registers are produced); holding Performance Monitoring data (to show whether contracts are delivering the required outcomes / outputs); and monitoring contractors' credit status and insurance documentation (to assure the Council of the contractors' financial sustainability). However, these potential projects would be subject to the identification of appropriate resourcing and Member approval.

#### **4. IMPACT ON VULNERABLE ADULTS & CHILDREN**

- 4.1 The Corporate Contracts Register covers all Council services: both those used universally by residents and those specifically directed towards vulnerable adults and children. Addressing the impact of service provision on the vulnerable is a matter for the relevant procurement strategies, contracts, and delivery of specific services rather than this summary register.

#### **5. POLICY IMPLICATIONS**

- 5.1 The Council's renewed ambition is set out in the 2016-18 update to [Building a Better Bromley](#) and the Contracts Database (and Contract Registers) help in delivering the aims (especially in delivering the 'Excellent Council' aim). For an 'Excellent Council', this activity specifically helps by 'ensuring good contract management to ensure value-for-money and quality services'.

#### **6. PROCUREMENT IMPLICATIONS**

- 6.1 Officers are required to update the Database with information on contracts with a TCV greater than £50k (officers may also add contracts with a TCV greater than £5k). The Database helps to ensure: that procurement activity is undertaken in a timely manner; that Contract Procedure Rules are followed; and that Members can systematically scrutinise procurement activity.

#### **7. FINANCIAL IMPLICATIONS**

- 7.1 The Contracts Database and Contract Registers are not primarily financial tools – the Council has other systems and reports for this purpose such as FBM and the Budget Monitoring reports. That said, the CDB and associated registers do contain financial information, both in terms of contract dates and values and also annual budgets and projected spend.
- 7.2 A sum of £50k was originally set aside for developing the Contract Database. Approximately £10k has been spent to date, funded from within existing budgets. However the full £50k will be required in 2018/19 to fund the next stage, as this will be more complex as it relates to the Authorisation Process, to address the issues raised by Internal Audit. A carry forward request has been submitted to the Executive for approval.

#### **8. PERSONNEL IMPLICATIONS**

- 8.1 There are no direct personnel implications but the Contracts Database is useful in identifying those officers directly involved in managing the Council's contracts.

## 9. LEGAL IMPLICATIONS

- 9.1 There are no direct legal implications but the Contracts Database identifies those contracts which have a statutory basis and also those laws which should be complied with in delivering the contracted services.
- 9.2 A list of the Council's active contracts may be found on [Bromley.gov.uk](http://Bromley.gov.uk) to aid transparency (this data is updated after each Contracts Sub-Committee meeting).

<b>Non-Applicable Sections:</b>	None
Background Documents: (Access via Contact Officer)	Contracts Register Reports to <a href="#">Contracts Sub-Committee</a>