

**Decision Maker:** ENVIRONMENT & COMMUNITY SERVICES PDS COMMITTEE

**Date:** 10th July 2018

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

**Title:** CONTRACT REGISTER

**Contact Officer:** Sarah Foster, Performance Monitoring and Business Support Manager  
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**Chief Officer:** Nigel Davies, Executive Director of Environment & Community Services

**Ward:** All Wards

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1. Reason for report

- 1.1 This report presents an extract from March 2018's Contracts Register for detailed scrutiny by PDS Committee – all PDS committees will receive a similar report each contract reporting cycle.
- 1.2 This report is based on information covering all Portfolios, which was produced on 16 March 2018 and presented to Contracts Sub-Committee on 29 March 2018.
- 1.3 The Contracts Register contained in 'Part 2' of this agenda includes a commentary on each contract to inform Members of any issues or developments (there is no covering report).

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2. **RECOMMENDATIONS**

**That the Environment and Community Services PDS Committee:**

- 2.1 **Reviews the appended £50k+ Contracts Register (which also forms part of the Council's commitment to data transparency); and**
- 2.2 **Notes that the Contracts Register in Part 2 contains additional, potentially commercially sensitive, information in its commentary.**

### Impact on Vulnerable Adults and Children

1. Summary of Impact: The appended Contracts Register covers services which may be universal or targeted. Addressing the impact of service provision on vulnerable adults and children is a matter for the relevant procurement strategies, contracts award and monitoring reports, and service delivery rather than this report.
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### Corporate Policy

1. Policy Status: Existing Policy:
  2. BBB Priority: Excellent Council:
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### Financial

1. Cost of proposal: - N/A
  2. Ongoing costs: - N/A
  3. Budget head/performance centre: Environment Portfolio
  4. Total current budget for this head: - £29.574m
  5. Source of funding: - Existing revenue budget for 2017/18
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### Personnel

1. Number of staff (current and additional): - 139.9 FTEs
  2. If from existing staff resources, number of staff hours: - N/A
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### Legal

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

#### Contracts Register Background

- 3.1 The Council has 238 active contracts with a Total Contract Value (TCV) greater than £50k and the appended Contracts Register provides summary information about the Portfolio's contracts (as of 16 March 2018 when the Contracts Database snap shot was taken).
- 3.2 The Register is generated from the Council's Contracts Database (CDB) which is administered by Commissioning & Procurement Directorate and populated by the relevant service managers (Contract Owners) and approved by their managers (Contract Approvers).
- 3.3 As a Commissioning Council, this information is vital to facilitate a full understanding of the Council's procurement activity and registers are reviewed by the Commissioning Board, the Corporate Leadership Team, and Contracts Sub-Committee as appropriate.
- 3.4 New Contract Registers are produced four times a year, though the CDB itself is always 'live'.
- 3.5 Each PDS committee is expected to undertake detailed scrutiny of its contracts – including scrutinising suppliers – and hold their Portfolio Holder to account on service quality and procurement arrangements.

#### Contract Register Summary

- 3.6 The table below summarises key data from the 238 contracts contained in March 2018's £50k+ Contracts Register Report (covering all six Portfolios).

#### Key Data (All Portfolios)

Item	Category	September 2017	November 2017	March 2018
<b>Contracts (&gt;£50k)</b>	All Portfolios	<b>265</b>	<b>230</b>	<b>238</b>
<b>Concern Flag </b>	All Portfolios	11	14	12
<b>Portfolio</b>	Care Services	106	91	95
	Environment	20	21	23
	Education, Children & Families	60	43	44
	Public Protection & Safety	6	6	5
	Renewal & Recreation	19	14	10
	Resources	54	55	61
<b>TOTALS</b>		<b>265</b>	<b>230</b>	<b>238</b>
<b>Risk Index</b>	Red	19	17	16
	Amber	95	77	81
	Yellow	123	103	104
	Green	28	33	37
<b>TOTALS</b>		<b>265</b>	<b>230</b>	<b>238</b>
<b>Procurement Status</b>	Red	96	91	114
	Amber	73	55	30
	Yellow	29	26	19
	Green + New	67	58	75
<b>TOTALS</b>		<b>265</b>	<b>230</b>	<b>238</b>

3.7 Key information, for this Portfolio, extracted from March's £50k+ Contracts Register.

Item	Category	September 2017	November 2017	March 2018
<b>Contracts</b>	£50k+	<b>20</b>	<b>21</b>	<b>23</b>
<b>Concern Flag</b>		11	10	3
<b>Risk Index</b>	Red	7	7	7
	Amber	6	6	7
	Yellow	5	5	6
	Green	2	3	3
<b>Portfolio Total</b>		<b>20</b>	<b>21</b>	<b>23</b>
<b>Procurement Status</b>	Red	4	14	16
	Amber	10	2	2
	Yellow	2	1	1
	Green + New	4	4	4
<b>Portfolio Total</b>		<b>20</b>	<b>21</b>	<b>23</b>

*Environment has 23 (~10%) of the Council's 238 (£50k plus) contracts*

3.8 Since the Contract Register was produced, the following notable activity has happened:

- The major and minor highway works contracts have both been awarded to JB Riney for an initial term of 8 years. This new contract involves all service areas; major works, minor works, street lighting, winter service and, from April 2019, highway drainage cleaning;
- Purchase orders have been placed with AECOM for the Highways Engineering Consultancy for the 2018/19 financial year. Future options open to the Council are currently being considered for provision of this service, these include working through JB Riney's supply chain (consultancy services was identified in the PIN for the new Highways contracts), as well as other existing Frameworks;
- The current existing major works contractor, FM Conway, will continue to work in the borough until early 2019 to complete a number of our larger projects, including Beckenham & Bromley town centres;
- Crown Commercial Suppliers: Vehicle Lease Framework – the detail in the appendix is incorrect. This uses the CCS framework RM3710, which was extended for 1 year from 15<sup>th</sup> May 2018 to 15<sup>th</sup> May 2019. Authorisation to continue such use was given by DOE in an exemption ('waiver') document on 7<sup>th</sup> December 2017. Options for future commissioning arrangements are being considered and recommendations will be reported to the members later this year;
- The Depot Security Contract is included as part of Lot 2 (Waste Management), of the Environmental Services contracts currently out to tender.

**Contract Register Key**

3.9 A key to the 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.

Contract Risk Status		45.4	
<a href="#">Hide Risk Details</a>			
Ref	Risk Type	Analyses Result	Score
1	Company Size	Multiple Suppliers / Sizes	0.6
2	Total Contract Value	>£100k <£500k	2.0
3	Annual Contract Value	>£50k <£100k	12.0
4	Budget & projected spend variance	Default Score used	10.0
5	Sector	Other	5.0
6	Contract Term (Remaining Agreed Term)	1-2 yrs	1.2
7	Contract Type	Framework Contract	4.6
8	Procurement Status Ragging		10.0

**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) and is designed to prompt timely procurement action. The table below is used to assign a ragging colour: contracts ragged red, amber or yellow require action and this should be set out in the Commentary.
- 3.13 For clarity, Red ragging simply means the contract is nearing expiry and it is not an implied criticism (indeed, all contracts will ultimately be ragged ‘red’).

		Procurement / Commissioning Status					
Period	3 months	Red	Red	Red	Red	Red	
	6 months	Yellow	Yellow	Red	Red	Red	
	9 months	Amber	Amber	Amber	Red	Red	
	12 months	Green	Yellow	Amber	Red	Red	
	18 months	Red	Red	Red	Red	Red	
		£5k - £50k	£50k - £100k	£100k - £173k	£173k - £500k	>£500k	
		Total Contract Value					

**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 Most of the Council’s (£50k plus) procurement spend is now captured by the Contracts Database. The database will help in ensuring that procurement activity is undertaken in a timely manner, that Contract Procedure Rules are followed, and that Members are able to scrutinise procurement activity in a regular and systematic manner.

## 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. However, the CDB and registers do contain financial information both in terms of contract dates and values and also budgets and spend for the current year.

## 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 does identify those contracts which have a statutory basis and also those laws which should be complied with in delivering the contracted services.
- 9.2 A summarised 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>