

Decision Maker: EXECUTIVE, RESOURCES & CONTRACTS PDS COMMITTEE

Date: 11 October 2018

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

Title: Contract Register

Contact Officer: Emma Pearce Head of Performance and Corporate Projects
Tel: 0208 313 4480 Email: emma.pearce@bromley.gov.uk

Chief Officer: Lesley Moore, Director of Commissioning & Procurement
Tel: 020 8313 4633 E-mail: Lesley.Moore@bromley.gov.uk

Ward: All Wards

1. Reason for report

- 1.1 This report presents an extract from September 2018's Contracts Register for detailed scrutiny by PDS Committee – all PDS committees will receive a similar report each contract reporting cycle, based on data as at 24th August 2018 and presented to Contracts Sub-Committee on 19 September 2018.
- 1.2 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).

2. **RECOMMENDATIONS**

That the Executive, Resources and Contracts PDS Committee:

- 2.1 Reviews and comments on the Contracts Register as at 24th August 2018.
- 2.2 Note that in Part 2 of this agenda the Contracts Register 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: Resources Portfolio
 4. Total current budget for this head: - £48.093m
 5. Source of funding: - [Existing Revenue Budget 2018/2019]
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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: 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
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): N/A
-

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 Contracts Database is fully utilised by all Contract Managers across the Council as part of their Contract Management responsibilities, which includes the updating the information recorded on the database. The Register is generated from the Contracts Database which is administered by Commissioning & Procurement Directorate and populated by the relevant service managers (Contract Owners) and approved by their managers (Contract Approvers).
- 3.2 As a Commissioning Council, this information is vital to facilitate a full understanding of the Council's procurement activity and the Contracts Registers is a key tool used by Contract Managers as part of their daily contract responsibilities. The Contract Registers are reviewed by the Commissioning Board, Chief Officers, Corporate Leadership Team, and Contracts Sub-Committee as appropriate
- 3.3 The Contracts Register is produced four times a year for members– though the CDB itself is always 'live'.
- 3.4 Each PDS committee is expected to undertake detailed scrutiny of its contracts – including scrutinising suppliers – and hold the Portfolio Holder to account on service quality and procurement arrangements.

Contract Register Summary

- 3.5 The Council has 224 active contracts covering all portfolios as of 24 August 2018 for the September reporting cycle. Appendix 1 shows a table that summaries key data from the 224 contracts contained in this Register of 24 August 2018.
- 3.6 The Key information, for this Portfolio, is shown in the table below. This provides the key information for the preceding 2 months in addition to the September cycle information take on the 24th August 2018.

| Resources Commissioning and Contract Management | | | | |
|---|--------------|------------|-----------|----------------|
| Item | Category | March 2018 | July 2018 | September 2018 |
| Total Contracts | £50k+ | 61 | 58 | 58 |
| Concern Flag | Concern Flag | 1 | 1 | 1 |
| Risk Index | Red | 1 | 3 | 2 |
| | Amber | 18 | 16 | 16 |
| | Yellow | 25 | 21 | 21 |
| | Green | 17 | 18 | 19 |
| Total | | 61 | 58 | 58 |
| Procurement Status | Red | 16 | 10 | 11 |
| | Amber | 1 | 8 | 7 |
| | Yellow | 8 | 13 | 12 |
| | Green | 33 | 27 | 27 |
| Total | | 58 | 58 | 57 |

3.7 In March 2018 the Procurement status figures are out by 3. This is because the following contracts had just started; therefore they had no procurement status at the time the snap shot was taken in March 2018.

- Pension Fund – Actuarial Services
- Platform hosting & maintenance services for LBB Corporate and Satellite websites
- Pension Fund – Multi Asset income Fund

3.8 In September 2018 the Procurement status figures are out by 1. This is because the following contract has just started had just started, therefore they had no procurement status at the time the snap shot was taken on 24th August 2018.

- Mental Capacity Act and Deprivation of Liberty Safeguards Training Programme 2018-19

3.9 The following contract has been flagged as a concern due to the tight timescales for tender (rather than any performance issues associated with the delivery of the contract):

| Contract ID | Contract Name | Total Contract Value (£) | Contract End Date |
|--------------------|--------------------------------|---------------------------------|--------------------------|
| 85 | Microsoft Enterprise Agreement | £298,783 | 31/12/2018 |

3.10 Microsoft have changed the way they deal with their licensing and costing, the Head of IT is in discussions with Microsoft and a report is due to the Executive in November 2018.

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 list of the Council's active contracts may be found on Bromley.gov.uk to aid transparency (this data is updated after each Contracts Sub-Committee meeting).

| | |
|---|---|
| Non-Applicable Sections: | None |
| Background Documents: (Access via Contact Officer) | <ul style="list-style-type: none">• Appendix 1 – Key Data (All Portfolios)• Appendix 2 - Contracts Database Background information• Appendix 3 – Contracts Database Extract PART 1 (September 2018) |

Appendix 1 Key Data (All Portfolios)

| Item | Category | March 2018 | July 2018 | September 2018 |
|---------------------------------|---|-------------|------------|----------------|
| Contracts (>£50k TCV) | All Portfolios | 238 | 216 | 224 |
| Flagged as a concern | All Portfolios | 12 | 4 | 9 |
| Capital Contracts | All Portfolios | 23 | 17 | 17 |
| Portfolio | Care Services | 95 | 0 | 0 |
| | Adult Care and Health | 0 | 86 | 91 |
| | Public Protection and Safety | 5 | 5 | 5 |
| | Environment and Community Services | 0 | 20 | 21 |
| | Environment | 23 | 0 | 0 |
| | Education, Children and Families | 44 | 39 | 36 |
| | Resources Commissioning and Contract Management | 0 | 58 | 58 |
| | Resources | 61 | 0 | 0 |
| | Renewal and Recreation and Housing | 0 | 8 | 13 |
| | Renewal and Recreation | 10 | 0 | 0 |
| Total | | 238 | 216 | 224 |
| Risk Index | Red | 16 | 18 | 14 |
| | Amber | 81 | 80 | 89 |
| | Yellow | 104 | 82 | 83 |
| | Green | 36 | 36 | 38 |
| Total | | 237* | 216 | 224 |
| Procurement Status | Red | 114 | 98 | 85 |
| | Amber | 30 | 24 | 17 |
| | Yellow | 19 | 32 | 31 |
| | Green | 75 | 62 | 91 |
| Total | | 238 | 216 | 224 |

* The March Risk Index figures do not add up to the total number of contracts because there was an income contract that was not flagged correctly and therefore not picked up on the snap shot. This has now been rectified and will not continue to show on the stats going forward.

Appendix 2 - Contracts Register Key and Background Information

Contract Register Key

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

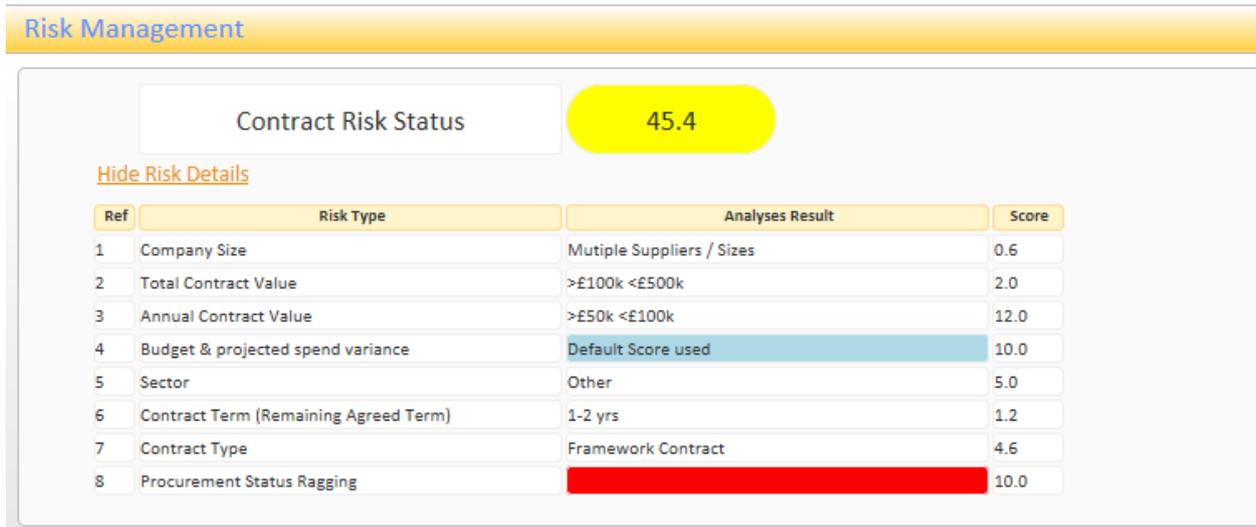
| Register Category | Explanation |
|--|---|
| Risk Index | Colour-ranking system reflecting eight automatically scored and weighted criteria providing a score (out of 100) / colour reflecting the contract's intrinsic risk |
| Contract ID | Unique reference used in contract authorisations |
| Owner | Manager/commissioner with day-to-day budgetary / service provision responsibility |
| Approver | Contract Owner's manager, responsible for approving data quality |
| Contract Title | Commonly used or formal title of service / contract |
| Supplier | Main contractor or supplier responsible for service provision |
| Portfolio | Relevant Portfolio for receiving procurement strategy, contract award, contract monitoring and budget monitoring reports |
| Total Contract Value | The contract's value from commencement to expiry of formally approved period (excludes any extensions yet to be formally approved) |
| Original Annual Value | Value of the contract its first year (which may be difference from the annual value in subsequent years, due to start-up costs etc.) |
| Budget | 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) |
| Projection | Expected contract spend by the end of the current financial year |
| Procurement Status | 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'). |
| Start & End Dates | Approved contract start date and end date (excluding any extension which has yet to be authorised) |
| Months duration | Contract term in months |
| Attention  | Red flag denotes Commissioning & Procurement Directorate's concern regarding procurement arrangements (also see C&P Commentary in Part 2) |
| Commentary | 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> |
| Capital | 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

1.2 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

- 1.3 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

- 1.4 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').

| | | Procurement / Commissioning Status | | | | | |
|--------|-----------|------------------------------------|--------------|---------------|---------------|--------|--|
| Period | 3 months | | | | | | <div style="display: flex; align-items: center;"> <div style="width: 20px; height: 20px; background-color: red; margin-right: 5px;"></div> Requires an agreed plan <div style="width: 20px; height: 20px; background-color: yellow; margin-right: 5px;"></div> Develop / test options <div style="width: 20px; height: 20px; background-color: orange; margin-right: 5px;"></div> Consider options <div style="width: 20px; height: 20px; background-color: green; margin-right: 5px;"></div> No action required </div> |
| | 6 months | | | | | | |
| | 9 months | | | | | | |
| | 12 months | | | | | | |
| | 18 months | | | | | | |
| | | £5k - £50k | £50k - £100k | £100k - £173k | £173k - £500k | >£500k | |
| | | Total Contract Value | | | | | |