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| Meeting | Cabinet Resources Committee |
| Date | 16 December 2013 |
| Subject | Arboricultural Contracts – Extension and Variation, Supplementary Report |
| Report of | Cabinet Member for Environment |
| Summary | The report seeks approval to implement a 10% variation to the contract value in addition to the two year extension. |

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| Officer Contributors | Andy Tipping, Principal Arboricultural Officer |
| Status (public or exempt) | Public |
| Wards Affected | All |
| Key Decision | Yes |
| Reason for urgency / exemption from call-in | Not Applicable |
| Function of | Executive |
| Enclosures | None |
| Contact for Further Information: | Contact for further information: Andy Tipping, Principal Arboricultural Officer. Environment, Planning and Regeneration: 020 8359 7838 |

1. RECOMMENDATIONS

1.1 As per original report.

1.2 That the original contract value of £3 million is varied by 10% providing for an additional £300,000 of spend on the overall contract value.

2. RELEVANT PREVIOUS DECISIONS

2.1 As per original report.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

3.1 As per original report.

4. RISK MANAGEMENT ISSUES

4.1 As per original report.

5. EQUALITIES AND DIVERSITY ISSUES

5.1 As per original report.

6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)

6.1 As per original report.

6.2 As per original report.

6.3 As per original report.

6.4 As per original report.

6.5 As per original report.

6.6 As per original report.

6.7 Section 14.3 of the Contract Procedure Rules permits a contract variation where:

- the initial contract was based on a Contract Procedure Rules compliant competitive tender or quotation process;
- the value of the extension or variation added to the value of the original contract does not exceed the original Authorisation threshold as defined in Appendix 1, Table A;
- the extension or variation has an approved budget allocation;
- the extension or variation is in accordance with the terms and conditions of the existing contract;
- if the initial contract was subject to EU tender procedure, that the extension option was declared within the OJEU notice and the original Acceptance Cabinet Resources Committee Report; and

- the contract has not been extended before;

All of these conditions are met here.

6.8 The estimated contract value declared in the OJEU contract notice was £5 million. With the extension and variation of the original contract value of £3 million the total contract value will remain within this threshold. The current contract spend is expected to reach circa £2.9 million as set out in the table below.

| Financial Year | Children's Services | Commissioning Group | CSG | Re | Street Scene | Total Spend |
|-------------------------|---------------------|---------------------|-------------------|------------------|----------------------|----------------------|
| FY 09-10 | | £3,013.00 | £560.00 | £780.75 | £417,118.56 | £421,472.31 |
| FY 10-11 | | £874.55 | £2,451.50 | £837.00 | £372,779.98 | £376,943.03 |
| FY 11-12 | £780.46 | £8,403.80 | £6,850.71 | £497.02 | £729,605.26 | £746,137.25 |
| FY 12-13 | £1,620.00 | £10,532.16 | £2,430.75 | £895.52 | £565,592.16 | £581,070.59 |
| FY 13-14 (Projected) | £1,200.00 | £10,051.91 | £2,500.00 | £700.00 | £750,000.00 | £764,451.91 |
| Total | £2,400.46 | £32,875.42 | £12,292.96 | £3,010.29 | £2,482,868.29 | £2,890,075.09 |

6.9 The contract extension value totals £1.4 million for the two years comprising of the trees annual maintenance budget of £650,000, ad-hoc works from other departments and additional works, storm contingency etc. The contract extension will provide for business as usual operations for the forthcoming two years.

6.10 A variation is also required to enable additional works to be undertaken over and above the current contract value and contract extension value. The £300,000 variation on the original contract and extension together will total £1.7 million as set out in the table below.

| Item | Contract Value |
|------------------------------|-----------------------|
| Initial Contract 5 year term | £ 3,000,000.00 |
| Two year Extension | £ 1,400,000.00 |
| Contract value variation | £ 300,000.00 |
| Total Contract value | £ 4,700,000.00 |

6.11 Any planting schemes such as the OLF projects would be delivered through their own funding and would fall outside of the tree revenue budget.

7. LEGAL ISSUES

7.1 As per original report.

7.2 As per original report.

7.3 As per original report.

7.4. The variation in contract spend is lawful because the overall contract spend will still remain within the original OJEU Contract Notice estimated contract spend.

8. CONSTITUTIONAL POWERS (Relevant section from the Constitution, Key/Non-Key Decision)

8.1 As per original report.

8.2 As per original report.

9. BACKGROUND INFORMATION

9.1 As per original report.

9.2 As per original report.

9.3 As per original report.

9.4 As per original report.

9.4 As per original report.

9.5 As per original report.

9.6 As per original report.

9.7 As per original report.

9.8 As per original report.

9.10 A variation of the original contract is sought to facilitate the delivery of additional planting schemes that would exceed the original contract value and extend beyond the contract extension thresholds that provide for business as usual and an element of contingency for storms etc.

9.11 The current contract facilitates the delivery of planting schemes; however the contract value is not great enough to enable the delivery of additional schemes, some of a significant size, that have recently come forward or are under consideration. Such examples are the Outer London Fund Projects, which can generate a one-off spend of £80,000 against the contract. These would also need to be delivered through the CSL contract, thus a variation of the contract value is sought in addition to the contract extension.

10. LIST OF BACKGROUND PAPERS

10.1 As per original report.

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| Cleared by Finance (Officer's initials) | JH |
| Cleared by Legal (Officer's initials) | SD |