

Executive Decision Report

PROCUREMENT PLAN 2016/17

Decision to be taken by: **Cllr Sue Waddington**

Decision to be taken on: **24 March 2015**

Lead director: **Alison Greenhill**



City Mayor

Useful information

- Ward(s) affected: **All**
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- Report version number: **001**
- Date of report: **3 March 2016**

1. Summary

- 1.1 The Council's Contract Procedure Rules require Executive approval of a Procurement Plan – a list of forthcoming procurement activity above EU thresholds anticipated to be advertised in the coming year. This requirement aligns with the government's requirements of local authorities under the Transparency agenda.
- 1.2 Inclusion of a contract in the Plan does not necessarily mean that the procurement will go ahead. As with all expenditure, anticipated contracts will be subject to ongoing challenge as to whether they are required, and whether/how they should be procured. This review process may impact on the anticipated value and/or duration of contract.
- 1.3 The purpose of this report is to obtain approval to the 2016/17 Procurement Plan and to inform the Executive of the potential up and coming major procurement activity across the Council, which includes renewal of existing contracts for ongoing requirements (e.g. maintenance and service provision contracts) and one-off major capital projects.

2. Recommendations

- 2.1 The Executive is recommended to:
 - i) Approve the attached Procurement Plan and delegate the letting of contracts to Divisional Directors in consultation with the Head of Procurement and City Barrister;
 - ii) Note the summary of waiver and extension activity in the current financial year to date as required by Rule 19.2 of the Contract Procedure Rules.

3. Supporting information

- 3.1 The Procurement Plan serves two principal purposes:
 - a) To inform potential suppliers of major future market activity, including meeting the statutory requirement to publish planned procurement over the EU thresholds; and

- b) To provide the Executive and other readers with an overview of significant procurement activity and to enable links and efficiencies to be achieved.
- 3.2 The Plan is based on information from Directors/Heads of Service and from reviewing the database of existing contracts approaching expiry. Entry on the Plan does not guarantee that procurement will happen and the actual costs may vary from the estimates.
- 3.3 Timely processing and approval of the Plan ensures better procurement planning and allows the market to consider upcoming opportunities, in line with the transparency agenda.
- 3.4 The scope of the Plan can be affected by major reviews across the Council, leading to the extension of existing contracts and uncertainty for including future procurements, with less procurement activity than might usually be expected. It will also be noted that the procurement approach and timing, contract term and values are still to be determined for some procurements, whilst review work takes place.
- 3.5 As required by the Contract Procedure Rules, the Plan (attached at Appendix A) includes details of expected procurement processes for contracts valued at over the relevant EU threshold. These thresholds were updated in December 2015 for the next two years:
- Social & Other Specific Services £589,148
 - All Other Goods & Services £164,176
 - Works £4,104,394
- 3.6 Entries on 2015/16 Procurement Plan (as updated) have not been included again on the 2016/17 Plan if they have already been advertised in 2015/16.
- 3.7 The Procurement Plan will be updated and reported to the Executive and Audit and Risk Committee approximately half way through the financial year. The Plan will subsequently be updated on the Council's website.
- 3.8 The Contract Procedure Rules also require a "Procurement Pipeline" to be produced which includes details of expected procurement processes for Intermediate and Large Contracts (Goods/Services contracts over £10,000 and Works contracts over £25,000 but below the relevant EU threshold). However, this information is subject to change, with new requirements often identified at short notice. This will be published on the Council's website for potential suppliers to gain advance notice of the Council's intentions and to comply with transparency requirements.
- 3.9 The Contract Procedure Rules provide delegated authority to Divisional Directors in consultation with the Head of Procurement and City Barrister to award contracts over the EU threshold, so long as those contracts are included in the Procurement Plan – Appendix A (or the updated version reported to the Executive).
- 3.10 New Contract Procedure Rules were approved at Full Council on 18th June 2015. The new Contract Procedure Rules require the Head of Procurement to report a

summary of waivers and some contract extensions of the Rules to Executive. The tables below show an analysis of the waivers approved during the last financial year and the first part of the current financial year up to the introduction of the New Rules. This is shown by both department and a broad categorisation of the reason for the waiver.

Reason for Waiver	2014/2015 (Full Year)		2015/16 (until 18/06/15)	
	Qty	Value	Qty	Value
Contract extension - Continuity	16	£2,737,919	3	£185,000
Contract extension - Review of future practice / Procurement exercise active	2	£337,550		
Procurement process issues	3	£77,474		
Urgency / Emergency	3	£203,458		
Use of non-contracted supplier / Sole supplier	10	£990,106		
	34	£4,346,506	3	£185,000

Department	2014/2015 (Full Year)		2015/16 (until 18/06/15)	
	Qty	Value	Qty	Value
Adult Social Care	8	£1,496,942	1	£70,000
Education & Children's Services	3	£342,978		
City Development & Neighbourhoods	20	£2,004,986		
Corporate Resources & Support	3	£501,600	2	£115,000
Public Health				
	34	£4,346,506	3	£185,000

3.13 Under the new Contract Procedure Rules, i.e. since the 19th June (until the 18th February 2016), the following waivers have been approved:

Department	Qty	Value
Adult Social Care	1	£42,390
Education & Children's Services	2	£46,982
City Development & Neighbourhoods	18	£1,402,424
Corporate Resources & Support	10	£410,269
Public Health	2	£15,154,994
	33	£17,057,059

3.14 The new Contract Procedure Rules also require bi-annual reporting of contract extensions of Large and EU Contracts made where there wasn't provision for this in the original contract. The table below sets out the only three such extensions approved between the 19th June and the 18th February 2015. (Note: Contract values given below include the full contract value from the original start date to the end of the extension period.)

Department	Large		EU	
	Qty	Value	Qty	Value
Adult Social Care				
Education & Children's Services				
City Development & Neighbourhoods	1	£692,000		
Corporate Resources & Support	1	£504,616		
Public Health			1	£822,275
	2	£1,196,616	1	£822,275

4. Details of Scrutiny

4.1 As required by the Contract Procedure Rules, the Procurement Plan will be reported to the Audit & Risk Committee on 23 March 2016. Scrutiny Committees are invited to use the Procurement Plan to identify any entries they wish to review at Scrutiny.

5. Financial, legal and other implications

5.1 Financial implications

5.1.1 Inclusion of contracting activity on the attached Plan is a statement of intent and is subject to the necessary funding being available. The Plan provides a basis for challenge and a more strategic approach to achieving value for money through major procurement activity.

Colin Sharpe
Head of Finance
Ext 37 4081

5.2 Legal implications

5.2.1 Each procurement will need to follow due process in accordance with internal and legislative requirements, with advice from Procurement Services and Legal Services.

Emma Horton
Head of Law
Ext 37 1426

5.3 Climate Change and Carbon Reduction implications

5.3.1 There are no significant climate change implications arising directly from this report.

5.4 Equality Impact Assessment

5.4.1 These will be considered a part of each procurement process, as appropriate.

5.5 Other Implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

5.5.1 Procurement is used to drive wider social value, i.e. to bring about improvements in economic, social and environmental well-being.

6. Background information and other papers:

6.1 Procurement Plan 2015/16 Update Report.

7. Summary of appendices:

7.1 Appendix 1– Corporate Procurement Plan 2016/17.

8. Is this a private report (If so, please indicated the reasons and state why it is not in the public interest to be dealt with publicly)?

8.1 No.

9. Is this a “key decision”?

9.1 No.