

# Executive Decision Report

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## **PROCUREMENT UPDATE 2016/17**

Decision to be taken by: **Asst Mayor (Jobs & Skills)**

Decision to be taken on: **17 November 2016**

Lead director: **Alison Greenhill**

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## Useful information

- Ward(s) affected: **All**
- Report author: **Neil Bayliss**
- Author contact details: **Tel: 0116 454 4021 Email: [neil.bayliss@leicester.gov.uk](mailto:neil.bayliss@leicester.gov.uk)**
- Report version number: **002**
- Date of report: **20 October 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 in the coming year. This requirement aligns with the government's requirements of local authorities under the Transparency agenda. There is also a requirement to provide a mid-year update on progress against the Plan and procurement strategy.
- 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 inform the Executive of progress against the Plan and obtain approval for the updated 2016/17 Procurement Plan which alerts all stakeholders 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

#### Procurement Plan

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 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 updated Plan (attached at Appendix A) includes details of expected procurement processes for contracts valued at over (or close to) the relevant EU threshold.

- Social & Other Specific Services £589,148
- All Other Goods & Services £164,176
- Works £4,104,394

3.6 The Contract Procedure Rules provide delegated authority to Divisional Directors to award contracts over the EU threshold so long as those contracts are included in the Procurement Plan – Appendix A (even if these contracts are not awarded until after the end of the current financial year). Any other proposed contract award over the EU threshold must be added to the Procurement Plan as set out in Rule 16 of the Contract Procedure Rules (as approved by Full Council in June 2015).

- 3.7 Of the 104 procurement exercises included in the original Plan, the following table sets out current progress.

<b>Progress</b>	<b>Number of Procurement Processes</b>
Exercise not started	68
Exercise in progress	21
Contract awarded	9
Exercise cancelled	6
<b>Total</b>	<b>104</b>

#### Procurement Strategy

- 3.8 The Head of Procurement is working with the Director of Planning, Transport and Economic Development in conjunction with the Assistant Mayor (Jobs & Skills) and a working group initiated by the Economic Development, Transport & Tourism Scrutiny Commission to develop a Social Value/Procurement Strategy to which will be the foundation for the development of clearer performance indicators and targets and which will form the basis for future reporting.

#### Contract Procedure Rules

- 3.9 New Contract Procedure Rules were approved at Full Council on 18<sup>th</sup> June 2015. No changes have been made to them since and none are currently proposed. The Head of Procurement has commenced a review of how the new Rules have worked and whether any changes could be beneficial. It is anticipated this will lead to a report in 2017. This will include changes to help the Rules align with the recent Concession Contracts Regulations 2016 as well as any changes that may support the development of the Council's new finance system.
- 3.10 In the last 12 months, the Council has signed up to the Living Wage Foundation's Licence Agreement to become a Living Wage Employer. This means that the Council is implementing the Living Wage into its procurement contracts which meet the criteria agreed with the LWF and will ensure all contracts meeting these criteria become compliant with this commitment by 2020.

#### Waivers

- 3.11 The Contract Procedure Rules also requires the Head of Procurement to report waivers 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. This is shown by both department and a broad categorisation of the reason for the waiver.

Reason for Waiver	2015/16 (from 19 June 2015)		2016/17 (to 31 August 2016)	
	Qty	Value	Qty	Value
Continuity of Provision	21	£15,831,914	10	£716,078
Urgency	4	£154,768	7	£652,386
Limited Supply Market	6	£68,042	3	£18,000
Other	2	£900,000	3	£87,000
	<b>33</b>	<b>£16,954,725</b>	<b>23</b>	<b>£1,473,464</b>

Department	2015/16 (from 19 June 2015)		2016/17 (to 31 August 2016)	
	Qty	Value	Qty	Value
Adult Social Care (ASC)				
City Development & Neighbourhoods (CDN)	19	£771,284	17	£1,403,861
Corporate Resources & Support (CRS)	5	£176,385	2	£13,700
Education & Children's Services (ECS)	6	£102,062	4	£55,903
Public Health (PH)	3	£15,904,994		
	<b>33</b>	<b>£16,954,725</b>	<b>23</b>	<b>£1,473,464</b>

### Contract Extensions

3.12 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 such extensions approved since these new Rules came into force up until 31 August 2016. (Note: Contract values given below include the full contract value from the original start date to the end of the extension period.)

Department	2015/16 (from 19 June 2015)				2016/17 (to 31 August 2016)			
	Large		EU		Large		EU	
	Qty	Value	Qty	Value	Qty	Value	Qty	Value
ASC								
CDN	1	£692,000						
CRS	1	£504,616						
ECS								
PH			1	£822,275	1	£411,138	2	£4,118,121
	<b>2</b>	<b>£1,196,616</b>	<b>1</b>	<b>£822,275</b>	<b>1</b>	<b>£411,138</b>	<b>2</b>	<b>£4,118,121</b>

## 4. Details of Scrutiny

4.1 As required by the Contract Procedure Rules, the Procurement Plan and other contents of this report will be reported to the Audit & Risk Committee on 16 November 2016.

## **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 The Contract Procedure Rules form part of the Constitution of the Council therefore this report satisfies the Constitution requirements in relation to reporting and procurement procedures.

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

Emma Horton  
Principal Lawyer  
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 None.

**7. Summary of appendices:**

7.1 Appendix A – Procurement Plan 2016/17 (Updated as at September 2016).

**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.

DRAFT