

Executive Decision Report

PROCUREMENT PLAN 2018/19

Decision to be taken by: **City Mayor**

Decision to be taken on: **22 March 2018**

Lead director: **Alison Greenhill**



City Mayor

AUDIT & RISK COMMITTEE DRAFT

Useful information

- Ward(s) affected: **All**
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- Report version number: **001**
- Date of report: **1 March 2018**

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 2018/19 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 2017 to come into force on 1 January 2018 for the next two years:
- Social & Other Specific Services £615,278
 - All Other Goods & Services £181,302
 - Works £4,551,413
- 3.6 Entries on 2017/18 Procurement Plan (as updated) have not been included again on the 2018/19 Plan if they have already been advertised in 2017/18.
- 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 The Contract Procedure Rules require the Head of Procurement to report a summary of waivers of the Rules and some contract extensions to Executive. The tables below show an analysis of the waivers approved during the current and last financial years. This is shown by both department and a broad categorisation of the reason for the waiver.

| Reason for Waiver | 2016/17 | | 2017/18 (until 31/01/18) | |
|-------------------------|-----------|-------------------|-----------------------------|-------------------|
| | Qty | Value | Qty | Value |
| Continuity of Provision | 22 | £1,136,177 | 9 | £861,978 |
| Limited Supply Market | 11 | £736,198 | 11 | £591,452 |
| Urgency | 7 | £103,872 | 14 | £320,109 |
| Other | 8 | £114,929 | 7 | £256,100 |
| | 48 | £2,091,176 | 41 | £2,029,639 |

| Department | 2016/17 | | 2017/18 (until 31/01/18) | |
|-----------------------------------|-----------|-------------------|-----------------------------|-------------------|
| | Qty | Value | Qty | Value |
| Adult Social Care | 0 | £0 | 4 | £30,240 |
| City Development & Neighbourhoods | 30 | £1,706,860 | 24 | £910,483 |
| Corporate Resources & Support | 10 | £291,855 | 10 | £906,416 |
| Education & Children's Services | 6 | £75,503 | 2 | £177,500 |
| Public Health | 2 | £16,958 | 1 | £5,000 |
| | 48 | £2,091,176 | 41 | £2,029,639 |

3.13 The 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 during the current and last financial years. (Note: Contract values given below include the full contract value from the original start date to the end of the extension period.)

| Department | 2016/17 | | | |
|-----------------------------------|----------|-----------------|----------|--------------------|
| | Large | | EU | |
| | Qty | Value | Qty | Value |
| Adult Social Care | | | | |
| City Development & Neighbourhoods | 1 | £145,000 | 1 | £650,000 |
| Corporate Resources & Support | 1 | £150,257 | | |
| Education & Children's Services | | | 2 | £1,040,107 |
| Public Health | | | 3 | £31,619,657 |
| | 2 | £295,257 | 6 | £33,309,764 |

| Department | 2017/18 (to 31 January 2018) | | | |
|-----------------------------------|---------------------------------|-------------------|----------|-------------------|
| | Large | | EU | |
| | Qty | Value | Qty | Value |
| Adult Social Care | | | 3 | £573,176 |
| City Development & Neighbourhoods | 6 | £7,553,702 | 5 | £7,707,350 |
| Corporate Resources & Support | 1 | £160,743 | 2 | £469,511 |
| Education & Children's Services | 1 | £45,000 | 2 | £1,157,586 |
| Public Health | | | | |
| | 8 | £7,759,723 | 7 | £9,907,623 |

3.14 The Council is accredited as a Living Wage Employer and requires contracts meeting the criteria set by the Living Wage Foundation (LWF) to ensure relevant staff are paid the LWF's Living Wage. The Council incorporates social value – such as requirements in relation to environment, fair trade, job creation, apprenticeships and training - into its procurement activity and is developing a Social Value Charter.

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 21 March 2018. 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 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
Head of Law (Commercial, Property & Planning)
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 2017/18 Update Report.

7. Summary of appendices:

7.1 Appendix 1–Procurement Plan 2018/19.

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.