



Purpose: For Noting

Committee report

Committee	AUDIT COMMITTEE
Date	THURSDAY, 11 DECEMBER 2014
Title	PROCUREMENT MONITORING REPORT FOR THE YEAR 1 APRIL 2014 TO 30 SEPTEMBER 2014
Report Author	STRATEGIC MANAGER: PROCUREMENT AND CONTRACT MANAGEMENT

EXECUTIVE SUMMARY

1. This report provides the committee with a high level view of the council's procurement activity (as demonstrated by the operation of procurement board) for the period 1 April 2014 to 30 September 2014 inclusive.

BACKGROUND

2. The council's procurement board was established in 2007 in order to provide a central oversight of procurement at officer level and ensure compliance with the council's contract standing orders and procurement code. During the period 1 April 2014 to 30 September 2014, the procurement board met on a weekly basis.
3. The current board is chaired by the Head of Corporate Governance/Monitoring Officer. The other members are the Head of Financial Management/s.151 Officer, the Head of Human Resources & Organisational Change, the Strategic Manager: Procurement and Contract Management and the Business Improvement Manager.

STRATEGIC CONTEXT

4. During the period 1 April 2014 to 30 September 2014, the council's procurement strategy, framework and activity supported the achievement of the council's priorities identified within the council's corporate plan 2014 – 2017.

CONSULTATION

5. This report has been circulated to members of procurement board and discussed at the procurement board meeting held on 27 November 2014.

PROCUREMENT ACTIVITY 1 APRIL 2014 – 30 SEPTEMBER 2014

6. Throughout the period 1 April 2014 to 30 September 2014 procurement board met weekly, unless there has been no business, to consider all letting strategies and award reports for contracts with a whole life value of over £50,000. For planned procurement with an anticipated value of £50,000 or more, the letting strategy report outlines the proposed procurement process to be followed and the contract award report details the outcome of that process for ratification by the board.
7. The overall number of reports which have been considered by procurement board during the period 1 April 2014 to 30 September 2014 (analysed by quarters) is shown in table 1 below. Table 1 shows also the number of reports in the same two quarters in 2013/14 for comparison.

Table 1: number of reports considered by procurement board				
	2014			2013/2014
	Q1	Q2	Total	Q1 & Q2 Total
Letting strategy	3	3	6	4
Framework request	3	5	8	4
Contract award	5	4	9	10
Waiver request	5	14	19	23
Noting report/update	4	9	13	13
Price variation	0	1	1	4
Total	20	36	56	58

8. The number of contract letting strategy reports and framework requests increased in comparison with the same period during 2013/14. In particular the number of framework requests doubled from 4 to 8, which demonstrates the council is exploring and making use of opportunities to procure collaboratively where appropriate to do so.
9. The procurement board has continued to consider, and where appropriate approve, requests to waive compliance with the contract standing orders as permitted by the council's contract standing orders and in circumstances which procurement board considers to be justified. When waiver requests are considered by procurement board, it ensures that all options are being investigated and actions are in hand where possible to negate the need for a similar waiver request returning to the board in future.
10. The circumstances when a waiver from compliance with the contract standing orders may be requested are set out in the council's contract standing orders. These circumstances are:

- i. genuine emergency
- ii. urgency not of the Council's own making
- iii. collaborative/joint purchasing
- iv. sole source of supply
- v. reasons for compatibility
- vi. partnering

11. During quarters 1 and 2, the procurement board considered and approved a total of 19 requests for a waiver from compliance with the contract standing orders. This is a reduction of 4 when compared with the same period in 2013/14. The most common reason for requesting a waiver during year was that of continuity. Table 2 provides an analysis of the reason for the waivers considered by procurement board during quarters 1 and 2 of 2014/15.

Table 2: Analysis of waivers considered by Procurement board 2014				2013/2014
Rationale	Q1	Q2	Total	Q1 & Q2 Total
Collaboration	1	0	1	1
Compatibility	1	0	1	4.5
Sole source of supply	0	1	1	3
Time/urgency	1	3	4	4
Continuity	2	6	8	9.5
Other	0	4	4	2
Total	5	14	19	24

12. Of the 19 waivers considered by procurement board, the majority – 8 - were applied for on the basis of continuity. The majority of these requests came from children's services (see table 3).
13. Following a restructure of senior management in March 2014, separate directorates ceased to exist. The directorates have been replaced by service areas.

Table 3: number of waivers approved for each service area 1 April 2014 to 30 September 2014			
Area	Q1	Q2	Total
Adult Social Care & Community Wellbeing	1	1	2
Economy, Tourism &	0	2	2

Table 3: number of waivers approved for each service area 1 April 2014 to 30 September 2014			
Area	Q1	Q2	Total
Leisure			
Corporate Governance	1	0	1
Planning & Regulatory Services	1	1	2
Financial Management	0	1	1
HR & Organisational Change	0	2	2
Children's Services	1	4	5
Public Health	1	3	4
Total	5	14	19

14. Table 4 shows the value of waivers approved for each Service Area. The value of waivers approved was highest in Children's Services.

Table 4: Value of waivers approved for each Service Area 1 April 2014 to 30 September 2014			
Service Area	Q1 £000	Q2 £000	Total £000
Adult Social Care & Community Wellbeing	975	90	1,065
Economy, Tourism & Leisure	0	107	107
Corporate Governance	12	0	12
Planning & Regulatory Services	169	30	199
Financial Management	0	6	6
HR & Organisational Change	0	344	344
Children's Services	150	3,577	3,727
Public Health	175	178	353
Total	1,4801	4,332	5,813

15. Further detail on the waivers granted where the whole life contract exceeds £100,000 is set out in the appendix A to this report.

FINANCIAL / BUDGET IMPLICATIONS

16. There are no direct financial or budgetary implications arising from this report although all procurement decisions directly contribute to the council's total expenditure.

LEGAL IMPLICATIONS

17. Procurement by public bodies is subject to a rigorous regulation principally via the Public Contract Regulations 2006 (as amended) and the relevant EU Directive. In addition to the legislation the council has its own contract standing orders and procurement code. The council is also required to comply with other legislation when carrying out procurements, for example that relating to equality and social value. The key purpose of the procurement board is to ensure compliance with the legislation and/or the contract standing orders thereby providing robust governance of the council's procurement activity.
18. The content of the individual procurement board reports allows a full audit to be completed to provide assurance to the council as to the probity of both past and future purchasing activity.

RISK MANAGEMENT

19. Failure to observe the Public Contract Regulations 2006 (as amended), relevant EU Directives and the council's contract standing orders and procurement code has the potential to pose a significant threat to the council's financial health and reputation. Such risk could take many forms including the risk of legal challenge resulting in significant financial penalties and the potential for negative publicity together with the risk that a contract could be deemed to be void.

EQUALITY AND DIVERSITY

20. There are no direct equality and diversity implications arising from this report. Equality and diversity implications would have been considered for each report when presented to Procurement board.

RECOMMENDATION

21. The committee is asked to note the report.

APPENDICES ATTACHED

22. [Appendix A](#) – Detail of waivers granted

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