



Committee report

Committee	AUDIT COMMITTEE
Date	3 DECEMBER 2015
Title	PROCUREMENT MONITORING REPORT FOR THE HALF YEAR 1 APRIL 2015 TO 30 SEPTEMBER 2015
Report Author	HEAD OF LEGAL SERVICES AND MONITORING OFFICER

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 2015 to 30 September 2015 inclusive.

BACKGROUND

2. The council's Procurement Board ("the 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 and contracts code. During the period 1 April 2015 to 3 September 2015, the Procurement Board met on a weekly basis. At the meeting held on the 3 September 2015, a paper was approved by the Board agreeing a temporary suspension in its current form pending a review of the Procurement function. All procurements over £20,000 are managed through the Procurement team so compliance with both internal and external procurement rules is ensured and procurement activity will continue to be monitored.
3. During the period 1 April 2015 to 03 September 2015, it was standard practice for the Board to be chaired by the Head of Corporate Governance/Monitoring Officer. The other members of the Board during the period were the Head of Financial Management/s.151 Officer, the Head Resources, the Strategic Manager: Procurement and Contract Management and the Business Improvement Manager.
4. The Strategic Manager: Procurement and Contract Management has now left the authority and the Procurement Team is being managed by the Head of Legal Services and Monitoring Officer.
5. A project is underway to review the Procurement function to ensure that the services it delivers is fit for purpose. In order to enable this work to be undertaken, the Head of Legal Services and Monitoring Officer requested that the Board be suspended in its current form so that it is not meeting each week

as a matter of course. Waivers to contract standing orders and extensions to the value of contracts will be considered by the Procurement Team Leader and or Head of Legal Services and Monitoring Officer. Where the matter needs to be considered by the Board, papers are considered electronically but where necessary a meeting will be called. The membership of Procurement Board comprises Head of Resources, Head of Legal Services and Monitoring Officer, Business Improvement Manager, Procurement Team Leader and Technical Finance Manager. This change in process will free up officer time to focus on what Procurement needs to look like going forward which will include whether or not a Procurement Board, or something similar is needed and if so what its role should be.

6. The Board has, over the years, increased the type of reports it receives and the production of letting strategies and contract award reports amongst others are often time consuming for service departments. In the interim the only reports that Officers need to complete are Waiver and extension in value. All other matters, such as Frameworks, letting strategies are already under being dealt with by the Procurement Team and so compliance with Procurement rules, both internal and external is ensured. Monitoring of procurement activity will continue.

STRATEGIC CONTEXT

7. During quarters one and two of financial year 2015/16, the activity of the board and the Procurement Team supported the achievement of the council's priorities as identified within the Corporate Plan 2014 – 2017.

PROCUREMENT ACTIVITY 1 APRIL 2015 – 30 SEPTEMBER 2015

8. Throughout the first two quarters of 2015, up until 30 September 2015, the Board met weekly, unless there had 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.
8. The overall number of reports which have been considered by the Board during the first two quarters of 2015/2016 is shown in **Table 1** below. The number of reports in the same two quarters for 2014/15 is shown for comparison purposes.

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Table 1	Number of reports considered in 2015/16			Reports considered in Q1 & 2 2014/2015
	Q1	Q2	Total	Total
Letting strategy report	3	5	8	4
Framework and award request	1	0	1	0
Contract award report	5	3	8	10
Waiver request	11	2	13	23
Noting report	3	5	8	13
Noting report – contract variation	1	0	1	0
Update for noting – framework and award request	1	0	1	0
Framework request	2	0	2	4
Contract price variation report	1	0	1	4
Confidential paper – Contract award report	0	1	1	0
Noting report – contract award	0	2	2	0
Waiver request – direct award	0	3	3	0
Total	29	21	50	58

10. There was an increase in the number of lettings strategies considered by the board in the first two quarters of 2015/16 and a significant decrease in the number of waivers and although there are likely to be various reasons behind this, the principal reason is likely to be as a result of better planning by the service areas and a push from the Procurement Team to put the council's contract opportunities out to market.

11. The Board has continued to consider, and where appropriate approve, requests to waive compliance with the contract standing orders and in circumstances which the Board considers to be justified. When waiver requests are considered by the 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.
12. Waiver requests cover not only direct award of a contract (where there has been no competition) but, also where competition has been undertaken although not wholly in accordance with the requirements of the contract standing orders. On occasion a waiver request sets out more than one reason as to why a waiver is required and in those instances each reason has been allocated 0.5. **Table 2** provides an analysis of the waivers considered.

Table 2: Analysis of waivers 2015/2016			
Rationale	Q1	Q2	Total
Collaborative-Joint purchasing with or from another public body/Sole source of supply/Compatibility/Continuity/Partnering	1	0	1
Compatibility	2	0	2
Continuity	3	1	3
Genuine emergency/Sole source of supply/Continuity	1	0	1
Other	2	0	2
Urgency not of the council's own making	2	0	2
Compatibility and continuity		2	2
Sole source of supply		1	1
Specialist role		1	1
Total	11	5	16

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13. **Table 3** shows the service area who brought forward the waiver requests.

Table 3: number of waivers approved for each service area 2015/2016			
Area	Q1	Q2	Total
Adult Social Care & Community Wellbeing	2	0	2
Place	5	1	6
Place/Children's Services	1	0	1
Children's Services	0	2	2
Public Health	1	0	1
Resources	2	1	3
Fire Service	0	1	1
Total	11	5	16

14. **Table 4** shows the value of waivers approved for each service area. The value of waivers approved was highest in Place/Children's Services.
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.

Table 4: Value of waivers approved for each service area 2015/2016			
Service area	Q1 £000	Q2 £000	Total £000
Adult Social Care & Community Wellbeing	48000	0	48000
Place	390400	44511	434911
Children's Services Placements	169000	0	169000
Children's Services	0	76000	76000
Public Health	25000	0	25000
Resources	138292	20400	158692
Fire Service	0	51500	51500
Total	770692	192411	963103

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 2015 (which came into force on 26 February 2015) and the relevant EU Directives. In addition to the legislation the council has its own contract standing orders and procurement and contracts code. The council is also required to comply with other legislation when carrying out procurements, for example that relating to equality and social value.
18. All procurements with a whole life value over £20k are overseen by the Procurement team so despite reports being viewed by the Board, there continues to be compliance with the legislation and/or the contract standing orders, ensuring robust governance of the council's procurement activity.

RISK MANAGEMENT

19. Failure to observe the relevant legislation and the council's contract standing orders and procurement and contracts 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 the Board, and more latterly, between the client and Procurement Officer responsible for the project.

RECOMMENDATION

21. The committee is asked to note the report.

APPENDICES ATTACHED

22. [Appendix A](#) – Waivers granted with a value exceeding £100,000.

Contact Point: Helen Miles, Head of Legal Services and Monitoring Officer
☎ 01983 821000 ext: 6342 e-mail: helen.miles@iow.gov.uk

CLAIRE SHAND
Head of Resources

HELEN MILES
*Head of Legal Services and Monitoring
Officer*