

Report – Procurement Management Information

REPORT TO: Governance & Audit Committee
DATE: 9th March 2012
REPORT BY: Jon Bell, Head of Audit and Performance Improvement
REPORT TITLE: Procurement Management Information

It is recommended that the attached appendices 2 & 3 be considered as an exempt/confidential matter and that the press and public are excluded for the following reasons:

- Exempt information is defined in section 100A and, by reference, Schedule 12A of the Local Government Act 1972 ("the 1972 Act"). To be exempt, information must fall within one of the categories listed in paragraphs 1 to 7 of Schedule 12A, must not fall within one of the excluded categories in paragraphs 8 and 9 and the public interest in maintaining the exemption must outweigh the public interest in disclosing the information;
- The attached Appendices 2 & 3 contains some information relating to the financial or business affairs of particular companies as well as PCC; and
- Although there is a public interest favouring public access to local authority meetings, given the financial and commercially sensitive information contained in the report the public interest in maintaining the exemption outweighs the public interest in disclosing the (exempt) information.

1. Purpose of Report

- 1.1. The purpose of the report is to update Members on steps being taken to demonstrate that PCC is achieving value for money from its contracts for goods and services.

2. Recommendation(s)

- 2.1. That members note progress in moving towards achieving the target of 95% conformance for the 2011/12 financial year.
- 2.2. That members note the performance of our suppliers and contractors and action in progress to address poor performance.

Report – Procurement Management Information

3. Report

3.1. Conformance Checks

- 3.2. In September 2010 the Head of Procurement submitted a report to the Governance and Audit Committee outlining steps that are being taken to demonstrate that PCC is achieving value for money for its contracts for goods and services.
- 3.3. Fundamental to this is that the City Council has the ability to demonstrate that we are paying competitive rates by subjecting Procurement to a competitive process (where practical). In addition we need to ensure that we obtain the quality of service that we are paying for.
- 3.4. Members approved a recommendation of a target of 95% conformance with Contract Procedure Rules be achieved by 31/03/2011. This report takes Payments to Contractors from the Oracle System and matches them to contracts held on the Contracts Register. Legal services have commented that whilst this methodology is indicative of good practice, is not definitive as to compliance with legal requirements.
- 3.5. The purpose of this the report is to update members on progress made by services up to the end of December 2011 and to provide Members with a progress report to monitor the situation (see appendix 1 for year to date performance).
- 3.6. An explanation of those service areas where conformance requires improvement is detailed in appendix 2 (Exempt).
- 3.7. Conformance has improved year on year from 91% in December 2010 to 92% in December 2011.
- 3.8. In December 2011 there was £296,117 of spend that was compliant with Contract Procedure Rules but not registered correctly on the E Sourcing system “InTend”, had these contracts been entered correctly the conformance figure would have been 95% .

Procurement is working in partnership with services to implement solutions to resolve non conformance and reduce administration issues. The 95% conformance target should be achieved by the end of 2011/12 providing all staff engaged in procurement across the organisation continue to focus on the issue and learn from their administration errors.

Report – Procurement Management Information

4 Performance of our Suppliers and Contractors

4.1 The following table shows the performance of our suppliers and contractors comparing the last five quarters.

4.2 The results of the contracts being monitored are:

	No of Contracts	Gold	Green	Amber	Red
Sept 10	162	19%	57%	22%	2%
Dec 10	294	21%	61%	15%	2%
May 11	306	18%	64%	15%	2%
Aug 11	399	14%	70%	15%	1%
Dec 11	407	20%	65%	14%	1%

Gold Flag – Excellent Provider

Green Flag – Performing to Standard

Amber Flag – Some areas of improvement required

Red Flag – Failing to perform

4.3 For the five contracts where the supplier is performing to an unsatisfactory level, appropriate remedial action is being taken (see appendix 3 - exempt).

5. Equality Impact Assessment

5.1 An Equality Impact Assessment is not required as this is not a change to policy or service delivery.

6. Head of Legal Services' Comments

6.1 The comments of the Head of Legal Services are contained within the body of this report. It is within the powers of the Governance & Audit Committee under Part 2 section 2 of the Constitution to approve these recommendations.

7. Head of Finance's Comments

7.1 There are no financial implications directly arising from the recommendations in this report. However, the report has identified issues which could have value for money implications and consequently will need addressing in the short term. It should also be noted that the report on contract compliance is based upon orders raised over £5,000 although orders up to £10,000 do not have to be included on the contracts register.

8. Signing off the Report

Signed..... Date.....

Jon Bell, Head of Audit and Performance Improvement

Report – Procurement Management Information

9.

Access to Information

Background List of documents –

Section 100D of the Local Government Act 1972

The following documents disclose facts or matters which have been relied upon to a material extent by the author in preparing this report –

Contracts on the Contracts Register – from Intend System

Payments to Contractors – from the Oracle System