

# Report – Procurement Management Information

**REPORT TO:** Governance & Audit Committee  
**DATE:** 28<sup>th</sup> June 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.

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### 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 April 2012 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 April 2011 to 93% in April 2012 .
- 3.8. In April 2012 there was £474,019 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 96% .

Procurement is working in partnership with services to implement solutions to resolve non conformance and reduce administration issues. Education has started to address administration issues with Finance and moving forward this should help the 95% target be achieved.

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## 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%
April 12	458	19%	64%	16%	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 seven contracts where the supplier is performing to an unsatisfactory level, appropriate remedial action is being taken (see appendix 3 - exempt). Contract Managers inform providers of their red status as they seek improvements/remedies.

## 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.

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8. Signing off the Report

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

Jon Bell, Head of Audit and Performance Improvement

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

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Service	Total Year to Date			April 2012		
	Total Non Conforming Value	Total Transaction Value	% Non Compliant	Total Non Conforming Value	Total Transaction Value	% Non Compliant
Asset Management Service	34,974.73	495,967.43	7%	£34,974.73	£495,967.43	7%
Audit and Performance Improvement	0.00	1,678.78	0%	£0.00	£1,678.78	0%
Community Housing & Regeneration	3,367.49	339,965.84	1%	£3,367.49	£339,965.84	1%
HIDS AND Community Safety	724.94	182,149.62	0%	£724.94	£182,149.62	0%
Culture	47,651.24	293,500.69	16%	£47,651.24	£293,500.69	16%
Customer Community and Democratic Services	710.42	67,436.30	1%	£710.42	£67,436.30	1%
Education	597,573.97	3,147,722.90	19%	£597,573.97	£3,147,722.90	19%
Financial Services	0.00	627,849.43	0%	£0.00	£627,849.43	0%
Human Resources	2,816.11	48,971.20	6%	£2,816.11	£48,971.20	6%
Information Services	251,809.35	768,930.68	33%	£251,809.35	£768,930.68	33%
Legal Licensing and Registrars Service	16,951.50	71,464.07	24%	£16,951.50	£71,464.07	24%
Housing Management	35,152.00	5,868,853.74	1%	£35,152.00	£5,868,853.74	1%
Planning	0.00	1,795.61	0%	£0.00	£1,795.61	0%
Port	0.00	0.00	#DIV/0!	0.00	0.00	0%
Revenues and Benefits	0.00	46,977.29	0%	£0.00	£46,977.29	0%
Childrens Social Care	103,351.73	283,728.47	36%	£103,351.73	£283,728.47	36%
Social Care	39,836.00	763,785.06	5%	£39,836.00	£763,785.06	5%
Swift Interface *5	0.00	1,619,932.00	0%	£0.00	£1,619,932.00	0%
Transport and Street Management	40,592.35	1,949,727.50	2%	£40,592.35	£1,949,727.50	2%
Other (Insurance Accounts)	520.55	520.55	100%	£520.55	£520.55	100%
<b>Grand Total</b>	<b>£ 1,176,032.38</b>	<b>£ 16,580,957.16</b>	<b>7%</b>	<b>£ 1,176,032.38</b>	<b>£ 16,580,957.16</b>	<b>7%</b>

