

Title of meeting:	Governance and Audit and Standards Committee
Subject:	Procurement Management Information
Date of meeting:	3 rd February 2017
Report by:	Director of Finance and Information Services
Wards affected:	N/A

It is recommended that the attached appendices 1, 4 and 5 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 1, 4 and 5 contain 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. Requested by

Governance and Audit and Standards Committee

2. Purpose

To provide evidence to allow the committee to evaluate the extent that Portsmouth City Council is achieving value for money in its contracts for goods, services and works.

3. Information Requested

The way that the City Council demonstrates that it is paying competitive rates is by:

- a) subjecting procurement to a competitive process
- b) ensuring that we obtain the quality of service that we are paying for
- c) testing value for money against industrial comparators

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Section 1: Compliance with Contract Procedure Rules

This table reports on all invoices paid against purchase orders with a value of £5,000 or more in **September 2016**. This corresponds to the threshold between low-value and medium-value contracts from the Contract Procedure Rules.

Contracts of £5,000 or more must be published on the Contracts Register

The presence of a contract on the Contracts Register implies that either:

- The contract has been awarded following a competitive process of quotation or tender and that at least three written quotations or tenders have been received; or
- A waiver has been approved by the appropriate Director, Procurement Manager or Gateway Board to allow departure from the Contract Procedure Rules with written justification for this approval.

Members approved a recommendation of a target of greater than 95% conformance with Contract Procedure Rules. Where this target is not met by an individual directorate, a comment on the risk of the non-compliant spend in the monitoring month is provided by the Procurement Manager.

Purchase orders that are linked to a contract on the Contracts Register are flagged as compliant. Legal Services has commented that whilst this methodology is indicative of good practice, is not definitive as to compliance with legal requirements.

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Directorate	Year to date 2016/17			September 2016			Risk (if less than 95% target)
	Total value of non-compliant transactions	Total transaction value	% compliance	Total value of non-compliant transactions	Total transaction value	% compliance	
Adult Services (includes Swift Interface)	£91,459	£25,423,798	100%	£6,785	£4,289,010	100%	
Children's Services and Education	£727,700	£14,126,827	95%	£56,960	£2,925,962	98%	
Children's Social Care	£157,977	£3,770,432	96%	£20,116	£497,421	96%	
Community and Communication	£22,470	£578,002	96%	£1,957	£54,109	96%	
Culture and City Development	£826,473	£4,124,926	80%	£14,071	£459,680	97%	
Executive	£111,432	£2,334,183	95%	£0	£0	100%	
Finance and Information Services	£415,191	£5,705,594	93%	£7,260	£315,017	98%	
HR, Legal and Performance	£91,528	£1,455,699	96%	£22,273	£128,488	83%	Low
Portsmouth International Port	£110,920	£2,502,829	96%	£0	£345,617	100%	
Property and Housing	£1,407,809	£47,661,826	97%	£75,784	£6,110,611	99%	
Public Health	£21,779	£7,793,893	100%	£1,404	£176,333	99%	
Regulatory Services and Community Safety	£53,630	£633,528	93%	£0	£107,122	100%	
Transport Environment and Business Support	£1,376,205	£18,379,333	97%	£20,863	£2,725,357	99%	
TOTAL	£5,414,573	£134,490,870	96%	£227,473	£18,134,727	99%	

A detailed commentary on non-compliant transactions in the month of September 2016 is provided in **Appendix 1** (exempt).

Reports on low level transactions (less than £4,000) have not been requested by the Procurement Manager and so do not appear in Appendix 1.

Section 2: Waivers awarded this quarter

This table presents a summary of those contracts added to the contract register during Q3 2016/17 which have a waiver associated with them.

Waivers for procurements which depart from the Contract Procedure Rules are recorded for contracts over £5,000 value.

Available reasons for waivers are:

- Insufficient time
- Emergency
- Not obtaining 3 bids
- Not advertising the opportunity
- Direct award
- Use of a previous tender
- Original spend estimate wrong
- Extension of lapsed contract for continuity
- Shared service
- Single source
- Service user choice
- Other

Under the Contract Procedure Rules, waivers can be approved by:

- Director (or Chief Executive, or Deputy Chief Executive) - up to £100,000
- Procurement Manager - £100,000 to £1M
- Gateway Board - over £1M

More detail regarding waivers approved in Q3 2016/17 is provided in **Appendix 2**

Reason for waiver	Number of contracts	Contract value
Direct award	26	£638,590
Single Source	3	£517,000
Insufficient time	4	£260,404
Not obtaining 3 bids	4	£143,503
Other	1	£25,500
Shared service	1	£14,457
Not advertising the opportunity	1	£5838
Service User choice	1	£8,000
Use of previous tender	1	£5,280
Total	42	£1,618,572



	Value of all contracts awarded Q3	Total number of contracts awarded Q3	Waiver reasons	Value of Waivers Q3	Number of waivers Q3
Children's Services and Education	£ 1,147,406	5	Direct award	£ 45,500	1
			Insufficient time	£ 200,000	1
			Single source	£ 125,000	1
			TOTAL WAIVERS waivers as % of all contracts	£ 370,500 32%	3 60%
Children's Social Care	£ 380,000	3	Service user choice	£ 8,000	1
			Single source	£ 372,000	1
			TOTAL WAIVERS waivers as % of all contracts	£ 380,000 100%	2 67%
Community and Communication	£ 42,448	3	Direct Award	£ 5,000	1
			Not obtaining 3 bids	£ 31,448	1
			Insufficient time	£ 6,000	1
			TOTAL WAIVERS waivers as % of all contracts	£ 42,448 100%	3 100%
Culture and City Development	£ 1,887,125	19	Direct Award	£ 187,999	7
			Not obtaining 3 bids	£ 85,225	1
			Insufficient time	£ 5,950	1
			TOTAL WAIVERS waivers as % of all contracts	£ 279,174 15%	9 47%
Finance and Information Services	£ 2,607,654	16	Direct Award	£ 32,930	5
			Not obtaining 3 bids	£ 12,000	1
			Shared service	£ 14,457	1
			TOTAL WAIVERS waivers as % of all contracts	£ 59,387 2%	7 44%
HR Legal and Performance	£ 9,516	1	Direct Award	£ 9,516	1
			TOTAL WAIVERS waivers as % of all contracts	£ 9,516 100%	1 100%
Portsmouth International Port	£ 281,475	4	Direct Award	£ 21,645	2
			Not obtaining 3 bids	£ 14,830	1
			TOTAL WAIVERS waivers as % of all contracts	£ 36,475 13%	3 75%
Property and Housing	£ 18,111,177	39	Direct Award	£ 111,000	4
			Insufficient time	£ 48,454	1
			Single source	£ 20,000	1
			Use of previous tender	£ 5,280	1
			Other	£ 25,500	1
			TOTAL WAIVERS waivers as % of all contracts	£ 210,234 1%	8 21%
Regulatory Services and Community Safety	£ 108,000	2	Direct Award	£ 108,000	2
			TOTAL WAIVERS waivers as % of all contracts	£ 108,000 100%	2 100%
Transport Environment and Business Support	£ 3,510,292	12	Direct Award	£ 117,000	3
			Not advertising the opportunity	£ 5,838	1
			TOTAL WAIVERS waivers as % of all contracts	£ 122,838 3%	4 33%

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Section 3: Spend with Waiver

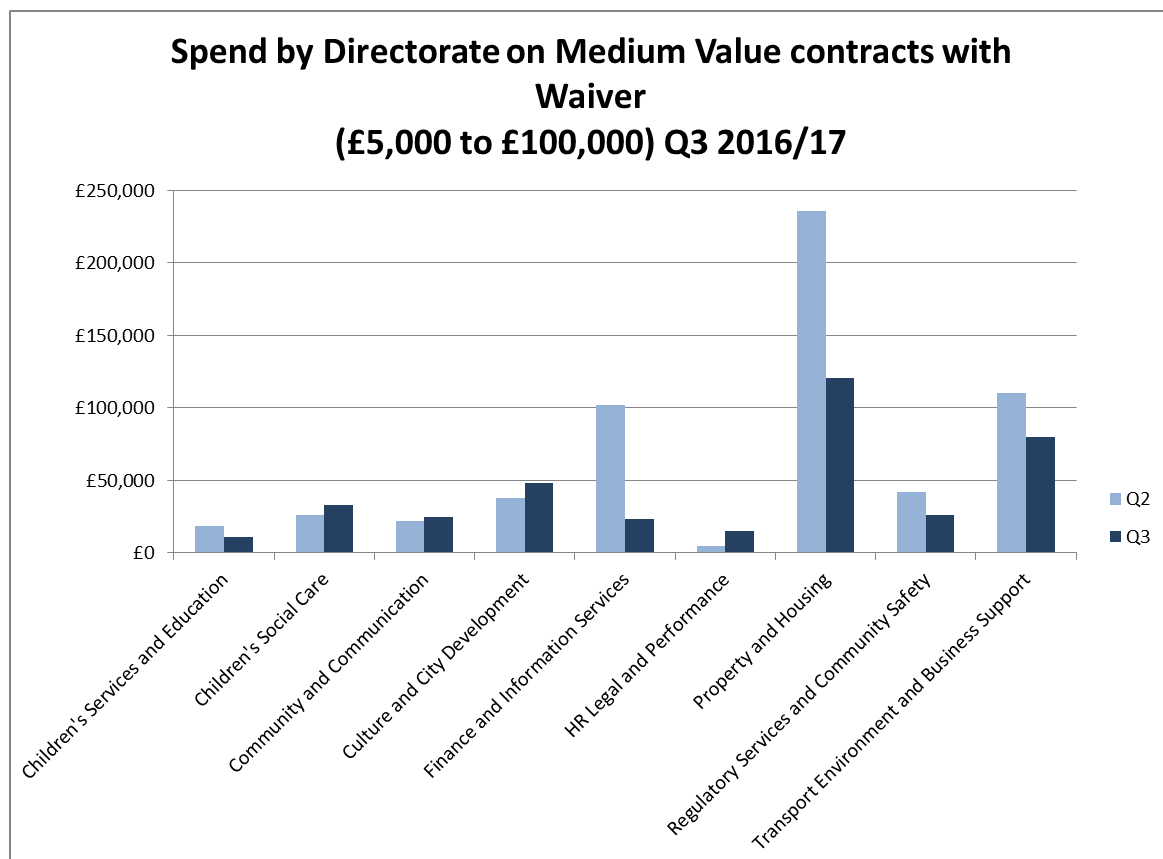
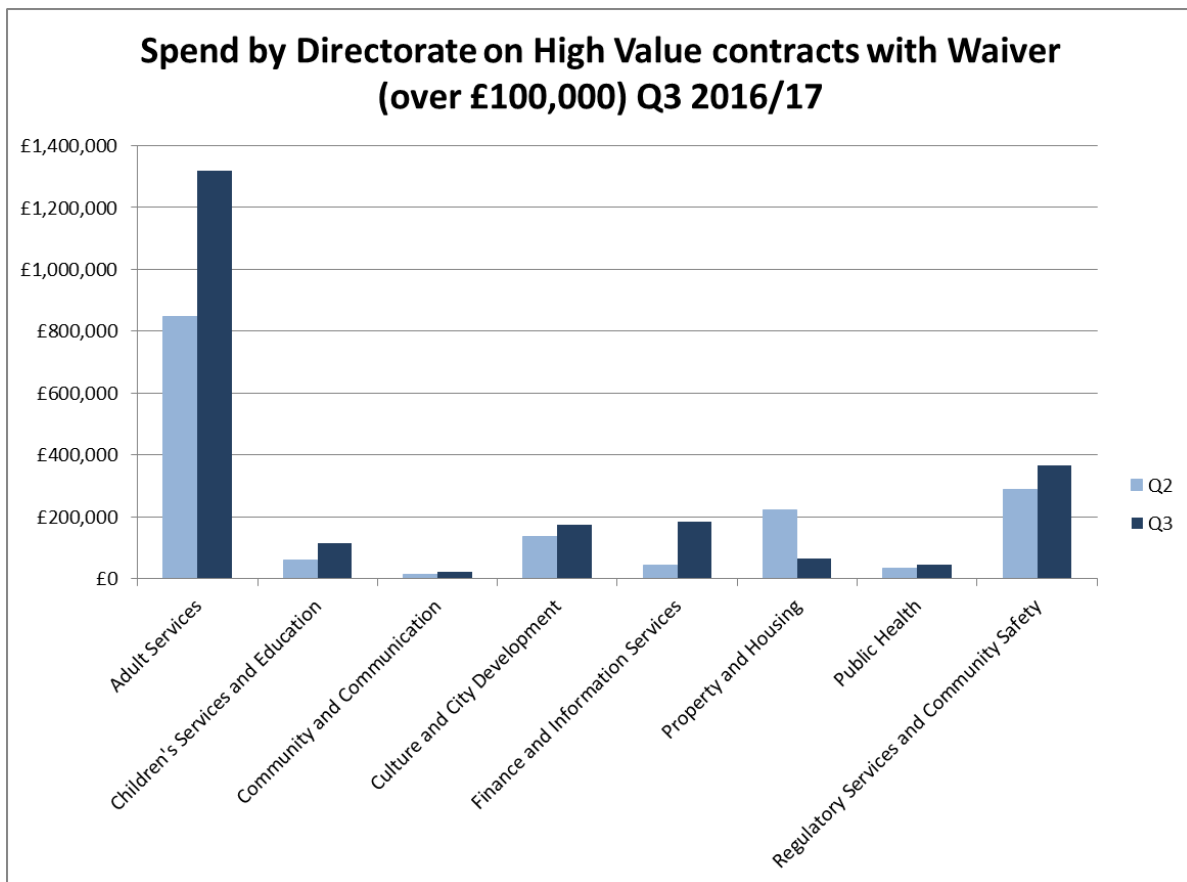


The table and graphs provide a breakdown by Directorate of the actual spend during Q3 2016/17 on contracts which have waivers associated with them.

Waivers are not required for contracts below £5,000 (under CPRs).

See **Appendix 3** for details of payments under contracts with waivers in Q3.

	TOTAL SPEND IN QUARTER		WAIVER SPEND IN QUARTER		% OF TOTAL SPEND COVERED BY WAIVER IN QUARTER	
	Q2	Q3	Q2	Q3	Q2	Q3
Adult Services	£14,245,201	£10,478,154	£846,836	£1,319,957	6%	13%
Regulatory Services and Community Safety	£497,679	£531,627	£328,733	£392,750	66%	74%
Culture and City Development	£2,062,725	£2,060,542	£174,863	£221,927	8%	11%
Finance and Information Services	£2,050,699	£2,179,919	£143,673	£210,849	7%	10%
Property and Housing	£21,036,637	£20,343,707	£456,144	£184,078	2%	1%
Children's Services and Education	£3,805,500	£4,135,100	£78,033	£126,645	2%	3%
Transport Environment and Business Support	£5,763,254	£2,080,575	£109,830	£79,560	2%	4%
Community and Communication	£356,256	£335,060	£34,951	£46,527	10%	14%
Public Health	£90,483	£56,337	£32,275	£43,155	36%	77%
Children's Social Care	£1,239,351	£1,357,943	£26,320	£33,028	2%	2%
HR Legal and Performance	£2,306,017	£698,420	£4,619	£15,022	0%	2%
Integrated Commissioning Service	£1,507,596	£2,511,878	£0	£0	0%	0%
Executive	£258,193	£429,896	£0	£0	0%	0%
Portsmouth International Port	£41,778	£28,015	£250	£0	1%	0%
TOTALS	£55,261,369	£47,227,172	£2,236,527	£2,673,498	4%	6%



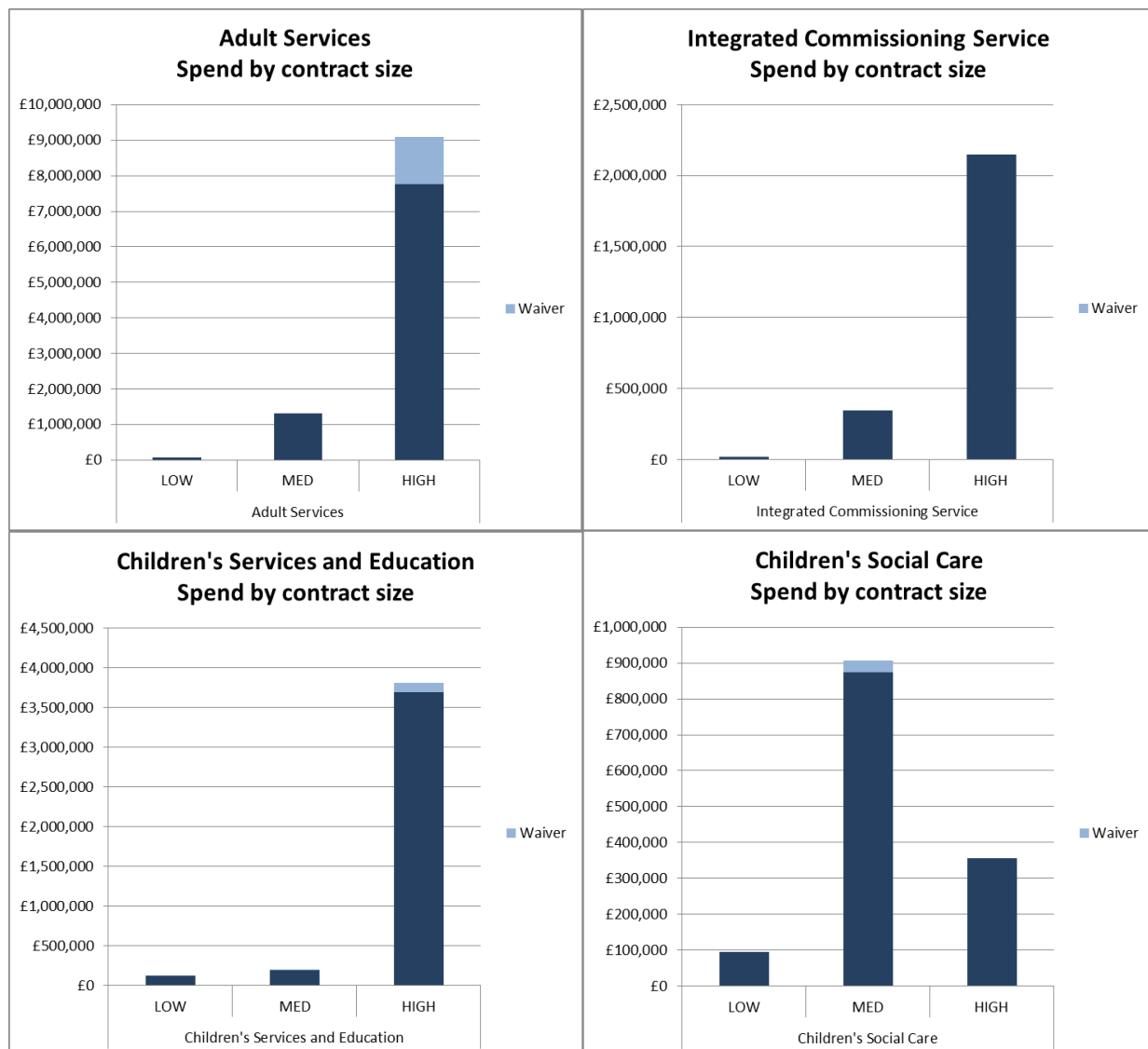
Section 4: Spend by Contract Size

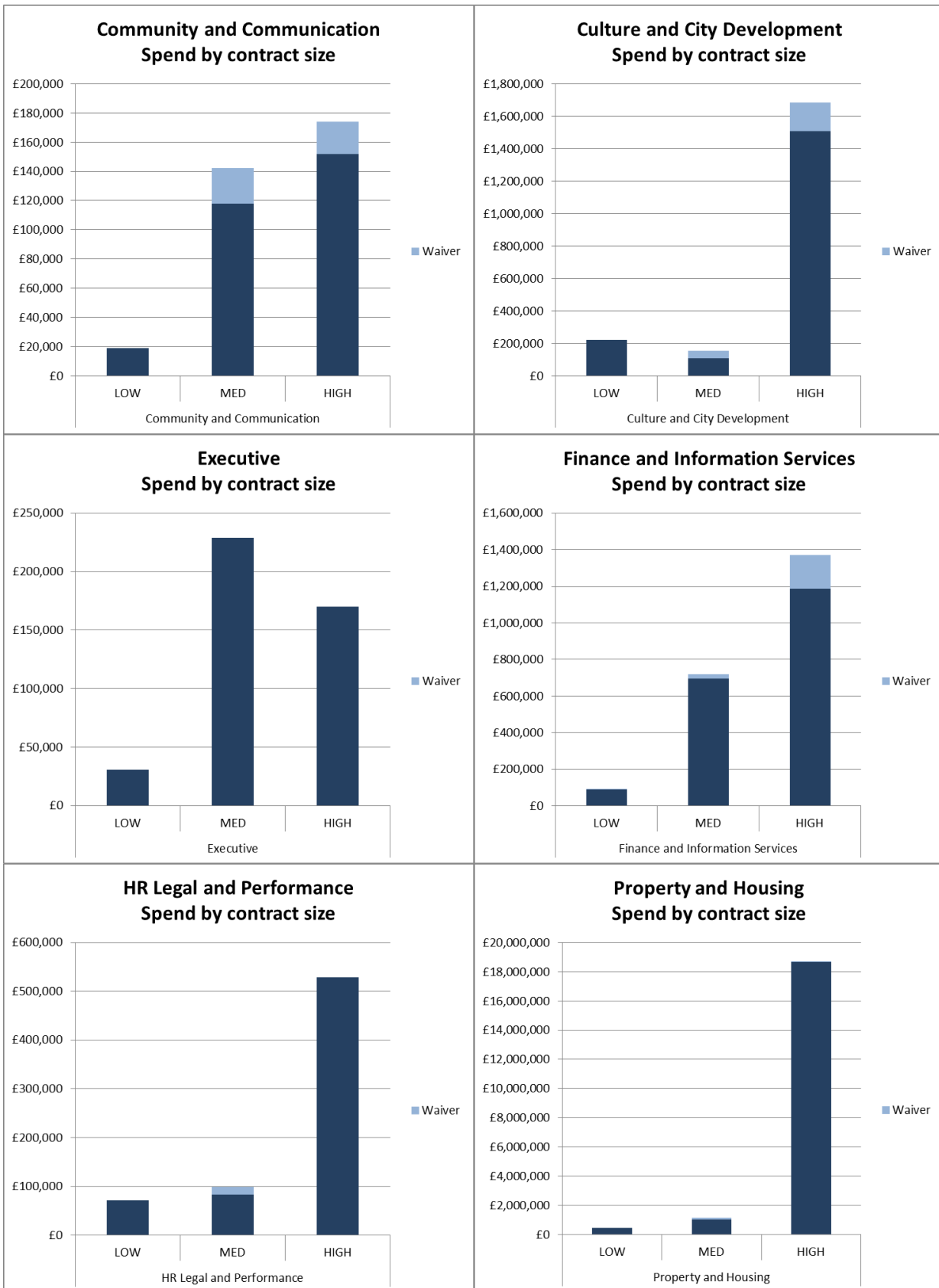
The following graphs present the actual spend by Directorate in Q3 2016/17, and how this is broken down into spend under high, medium and low value contracts.

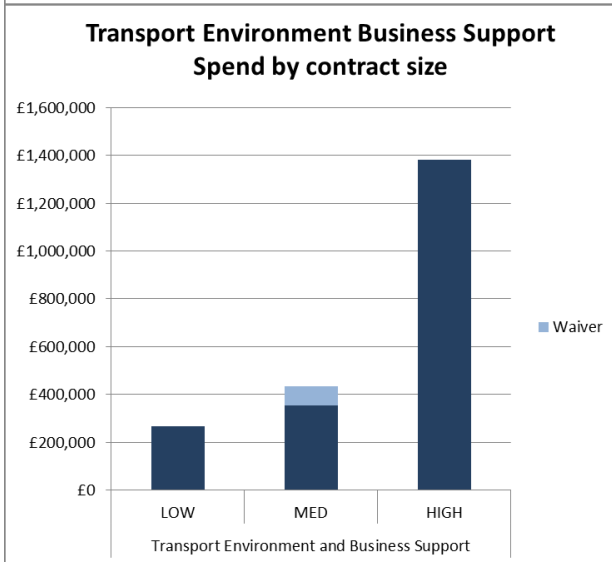
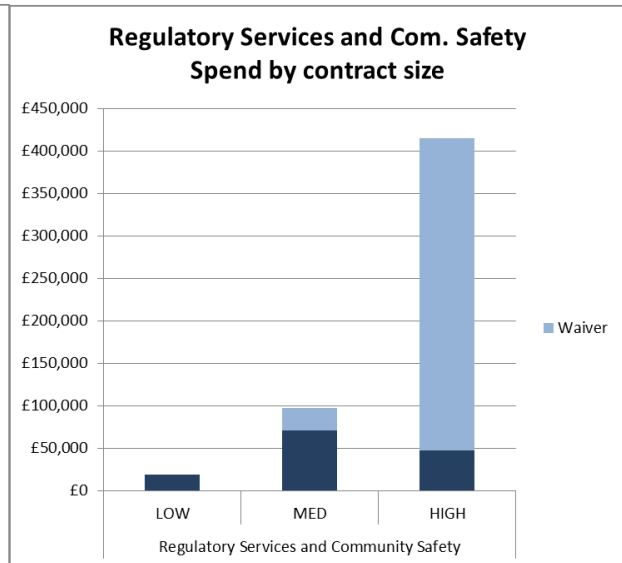
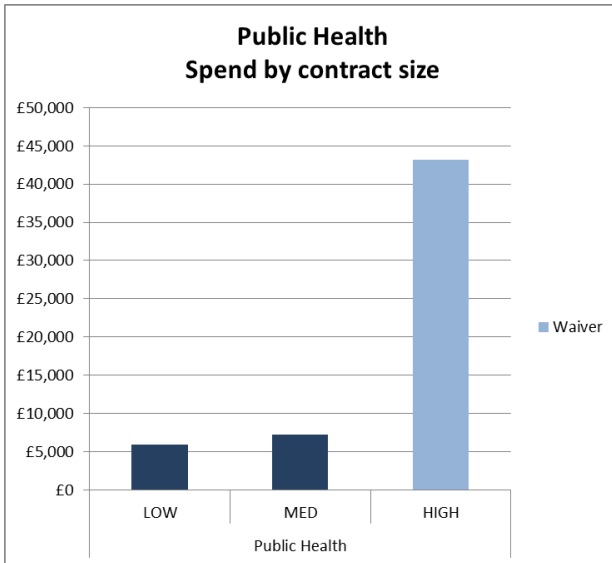
High value contracts £100,000 and over
 Medium value contracts between £5,000 and £100,000
 Low value contracts below £5,000

The columns are stacked to show the proportion of the total spend which has been associated with a waiver.

Adult Services, Swift Interface and Integrated Commissioning Service are grouped together as the spend for all 3 is mostly on adult social care (although Swift and ICS also commission children's social care).







Section 5: Suppliers paid over £100,000 in Q3 by Directorate

The tables show those suppliers who have been paid over £100,000 in Q3 2016/17 by directorate. They are arranged in descending order of value by directorate.

The spend with these suppliers represents **78%** of the total spend in Q3.

The 80 suppliers below represent **6%** of the total number of suppliers paid in Q3 (1380).

Adult Services and Integrated Commissioning Service are grouped together as the spend for both is mostly on adult social care (although ICS also commission children's social care and public health).

	Q3 spend with supplier	% of Directorate Q3 spend
Adult Services		
SOLENT NHS TRUST	£1,278,582	12%
SEVACARE (UK) LTD	£746,787	7%
CARE UK COMMUNITY PARTNERSHIPS LTD	£445,868	4%
DIMENSIONS (UK) LTD	£422,328	4%
COMMUNITY INTEGRATED CARE (CIC)	£420,582	4%
MILLBROOK HEALTHCARE	£368,324	3%
VOYAGE CARE	£333,628	3%
HANDLE WITH CARE (PORTSMOUTH) LTD	£296,705	3%
APEX PROPERTY VENTURES LTD	£281,855	3%
THE SOCIETY OF ST JAMES	£244,455	2%
CARE MANAGEMENT GROUP LIMITED	£223,996	2%
DOLPHIN HOMES LTD	£221,032	2%
CRESCENT COMMUNITY CARE SERVICES LTD	£216,999	2%
THE SALVATION ARMY	£201,597	2%
SOUTHERN HEALTH NHS FOUNDATION TRUST	£184,041	2%
CRESCENT COMMUNITY CARE SERVICES LTD	£175,592	2%
CREATIVE ADVANCES LTD	£170,767	2%
MINSTEAD TRAINING TRUST	£140,740	1%
CHESHIRE HOMES	£137,758	1%
RICHMOND FELLOWSHIP	£134,104	1%
SUMMERLANDS	£129,165	1%
CHAOS SUPPORT LIMITED	£124,580	1%
B S CARE LTD	£122,057	1%
VICTORY SUPPORT SERVICES (PORTSMOUTH)	£120,652	1%
CARING FOR YOU LIMITED	£117,349	1%
TWO SAINTS LTD	£117,283	1%
BEACONSFIELD RESIDENTIAL CARE HOME	£115,845	1%
ROYAL MENCAP SOCIETY	£102,334	1%
ASTER CARE LTD	£101,995	1%
HOME GROUP LTD	£101,161	1%

	Q3 spend with supplier	% of Directorate Q3 spend
Integrated Commissioning Service (ASC and CSC)		
SOLENT NHS TRUST	£1,219,221	45%
THE SOCIETY OF ST JAMES	£476,704	17%
COMMUNITY INTEGRATED CARE (CIC)	£160,413	6%
THE YOU TRUST	£114,396	4%
AGINCARE UK	£105,473	4%
DIMENSIONS (UK) LTD	£103,226	4%
Children's Services and Education		
GRANNAG LIMITED	£537,169	13%
ISS FACILITY SERVICES EDUCATION	£349,179	8%
LST PROJECTS	£219,925	5%
Children's Social Care		
BLUE SKY FOSTERING	£237,809	18%
CORE ASSETS GROUP	£101,298	7%
Culture and City Development		
BROADWATER LEISURE LIMITED	£586,707	23%
SAVILLS (UK) LTD	£494,711	20%
IDVERDE LIMITED	£363,882	14%
ISS FACILITY SERVICES LANDSCAPING	£127,292	5%
Executive		
BLAKE MORGAN	£500,000	54%
NATURAL ENTERPRISE LTD	£148,500	16%
Finance and Information Services		
ENSIGN HIGHWAYS LIMITED	£6,015,229	73%
NHS PORTSMOUTH CCG	£210,907	3%
SOLENT ACADEMIES TRUST	£154,866	2%
BASINGSTOKE & DEANE BOROUGH COUNCIL	£143,543	2%
CAMBIAN GROUP LTD	£142,018	2%
TRL LTD	£127,239	2%
HAMPSHIRE COUNTY COUNCIL	£102,673	1%
HR Legal and Performance		
COMENSURA LTD	£366,774	53%
Regulatory Services and Community Safety		
BARNARDO SERVICES LTD	£285,779	54%
Transport Environment and Business Support		
HAMPSHIRE COUNTY COUNCIL	£1,350,000	39%
GEOFFREY OSBORNE LTD	£437,500	13%
HOME TO SCHOOL TRANSPORT	£213,953	6%
VOLKERFITZPATRICK LIMITED	£179,133	5%
ATKINS LIMITED	£165,511	5%
FIRST	£127,644	4%
LEASEPLAN LTD T/A AUTOMOTIVE LEASING	£106,089	3%

	Q3 spend with supplier	% of Directorate Q3 spend
Property and Housing		
CLYDE & CO	£15,664,439	44%
MOUNTJOY LIMITED	£4,063,172	11%
COMSERV (UK) LIMITED	£2,905,132	8%
BAM CONSTRUCTION LTD	£1,943,263	5%
D M HABENS (THE BUILDER) LTD	£1,494,786	4%
LIBERTY GAS GROUP LIMITED	£1,342,287	4%
PMC CONSTRUCTION & DEVELOPMENT SERVICES	£1,281,109	4%
KEEPMOAT REGENERATION (APOLLO) LTD	£900,017	2%
VALE BUILDERS SOUTHERN LTD	£593,450	2%
DAWSON WAM LTD	£546,577	2%
COMSERV PROJECTS LTD	£477,947	1%
LAWTECH GROUP LIMITED	£442,271	1%
CORRIGENDA LIMITED T/A CHURCHES	£410,809	1%
SSE CONTRACTING LTD	£338,272	1%
HERBERT H DREW & SON LIMITED	£321,363	1%
LAKEHOUSE CONTRACTS LTD	£306,568	1%
WHITESCAPE VENTURES LIMITED	£282,663	1%
E C ROBERTS CENTRE	£168,583	0%
SOLAR VOLTAICS LTD	£115,763	0%
BRYMOR CONTRACTORS LTD	£107,781	0%
RETHINK MENTAL ILLNESS	£105,051	0%
HAMPSHIRE PARTITIONING CONTRACTS LTD	£100,553	0%
SIMER ENVIRONMENTAL SERVICES LTD	£99,691	0%

Section 6: Supplier Performance

	Total number of contracts	KPI score (see legend below)				Expired KPI (more than 1 year since last scored)	KPI never scored	KPI not yet due	No KPI scheduled
		Gold	Green	Amber	Red				
Jan 2016	711	46	210	22	0	34	88	247	64
Jun 2016	728	53	211	24	1	24	96	258	61
Sep 2016	672	47	219	24	3	26	91	202	60
Jan 2017	699	50	202	24	2	49	110	190	72

Section 6: Notes

Key	
• Gold:	Outstanding performance
• Green:	Performing to standard
• Amber:	Some areas of improvement required
• Red:	Failing to perform
• Expired KPI:	a schedule is in place, and at least one KPI score has been recorded, but there has been no KPI scoring in the last 12 months
• KPI never scored:	a schedule is in place, but there have been no KPI scores for the contract
• KPI not yet due:	a schedule is in place, but KPI scores are not due yet. This includes contracts where KPIs are overdue by less than 3 months (grace period)
No KPI scheduled:	no KPI instances have been scheduled.

KPIs are not scheduled for leases in five instances; for grants in four instances; for single source suppliers in four instances and for Temporary Accommodation provision in 30 instances.

The remaining 29 contracts without KPI schedules will be investigated and addressed as necessary.

There are two contracts where the supplier is performing to an unsatisfactory level and remedial action is taking place (Red KPI score), and 24 contracts which require improvement in performance (Amber KPI score).

Reports from contract managers on those contracts with a Red KPI score and a list of those contracts with an Amber KPI score are provided in **Appendix 4** (exempt).

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Section 7: Supplier Performance Monitoring



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Contracts which have never had a KPI score:

Directorate	KPIs never scored							
	Total number of contracts		Number of contracts with no KPI score		% of contracts with no KPI score		Annual contract value of un-scored contracts	
	Q2	Q3	Q2	Q3	Q2	Q3	Q2	Q3
Property and Housing	232	230	54	52	23%	23%	£22,711,723	£23,780,252
Transport Environment and Business Support	42	51	9	11	21%	22%	£6,437,794	£6,482,378
Culture and City Development	61	68	10	16	16%	24%	£1,947,484	£2,314,235
Children's Services and Education	23	29	3	5	13%	17%	£2,024,956	£2,056,180
Adult Services	91	96	2	7	2%	7%	£22,794	£661,448
Finance and Information Services	83	102	2	7	2%	7%	£87,940	£557,706
Community and Communication	30	32	4	4	13%	13%	£537,750	£537,750
HR Legal and Performance	34	21	5	4	15%	19%	£628,370	£67,908
Regulatory Services and Community Safety	11	13	1	1	9%	8%	£13,250	£13,250
Public Health	7	6	0	1	0%	17%	£0	£11,000
Children's Social Care	16	16	1	2	6%	13%	£5,500	£8,166
Executive	1	1	0	0	0%	0%	£0	£0
Portsmouth International Port	41	34	0	0	0%	0%	£0	£0
TOTAL	672	699	91	110	14%	16%	£34,417,561	£36,490,273

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Contracts which have not had a KPI score in 12 months:

Directorate	KPIs expired (more than 1 year since last scored)							
	Total number of contracts		Number of contracts with expired KPI score		% of contracts with expired KPIs		Annual contract value of un-scored contracts	
	Q2	Q3	Q2	Q3	Q2	Q3	Q2	Q3
HR Legal and Performance	34	21	2	3	6%	14%	£19,465	£2,519,465
Property and Housing	232	230	9	12	4%	5%	£9,265,000	£1,780,600
Adult Services	91	96	3	2	3%	2%	£1,547,500	£1,620,000
Culture and City Development	61	68	7	17	11%	25%	£291,333	£869,289
Children's Services and Education	23	29	0	3	0%	10%	£0	£143,300
Transport Environment and Business Support	42	51	4	7	10%	14%	£50,614	£119,650
Finance and Information Services	83	102	0	3	0%	3%	£0	£104,867
Public Health	7	6	0	1	0%	17%	£0	£15,000
Portsmouth International Port	41	34	0	1	0%	3%	£0	£12,000
Community and Communication	30	32	0	0	0%	0%	£0	£0
Regulatory Services and Community Safety	11	13	1	0	9%	0%	£0	£0
Children's Social Care	16	16	0	0	0%	0%	£0	£0
Executive	1	1	0	0	0%	0%	£0	£0
TOTAL	672	699	26	49	4%	7%	£11,173,912	£7,184,171

Section 7: Notes

There are 110 contracts that have never had KPI scoring, and a further 49 contracts with no KPI scoring in the last 12 months. This represents a snapshot of the situation in the first week of January 2017.

Section 8: Recommendations approved at Strategic Contract Management Board

The Strategic Contract Management Board met on 11th July 2016, and received reports from contract managers on three strategic contracts, and a number of other matters.

Minutes from the board meeting are provided in **Appendix 5** (exempt)

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Signed by (Director)

Appendices:

Appendix 1: Non Conformance (exempt)

Appendix 2: Waivers

Appendix 3: Payments under waiver

Appendix 4: Contract performance issues (exempt)

Appendix 5: Actions from the Strategic Contract Management Board (05/12/16) (exempt)

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:

Title of document	Location