

**Title of meeting:** Governance and Audit and Standards Committee

**Subject:** Procurement Management Information

**Date of meeting:** 27 October 2017

**Report by:** Director of Finance and Information Services

**Wards affected:** N/A

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It is recommended that the attached appendices 1 and 4 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 and 4 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

### **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 **July 2017**.  
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 2017/18			July 2017			Risk (if less than 95% target)
	Total transaction value	Total value of non-compliant transactions	% compliance	Total transaction value	Total value of non-compliant transactions	% compliance	
Adult Services	£14,711,062	£668,803	95%	£934,549	£36,194	96%	
Swift (AS and CSC)	Included in AS and CSC directorates			£2,078,421	£0	100%	
Children's Services and Education	£7,598,706	£497,253	93%	£644,965	£30,174	95%	
Children's Social Care	£4,003,610	£205,199	95%	£772,062	£43,838	94%	LOW
Community and Communication	£335,806	£58,222	83%	£30,970	£2,567	92%	LOW
Culture and City Development	£1,998,616	£651,578	67%	£435,796	£9,552	98%	
Other (capital spend)	£11,873,805	£1,266,208	89%	£2,918,660	£157,049	95%	
Finance and Information Services	£1,495,447	£214,985	86%	£595,930	£2,989	99%	
HR, Legal and Performance	£782,338	£58,072	93%	£184,780	£26,700	86%	LOW
Integrated Commissioning Unit	£221,379	£80,740	64%	£16,658	£0	100%	
Portsmouth International Port	£1,147,954	£30,263	97%	£310,583	£0	100%	
Property and Housing	£21,276,853	£1,612,595	92%	£2,716,630	£46,926	97%	
Public Health	£2,738,535	£238,364	91%	£131,907	£1,243	99%	
Transport Environment and Business Support	£3,138,484	£558,046	82%	£232,751	£6,086	97%	
<b>TOTAL</b>	<b>£71,322,595</b>	<b>£6,140,328</b>	<b>91%</b>	<b>£12,004,662</b>	<b>£363,317</b>	<b>97%</b>	

A detailed commentary on non-compliant transactions in the month of July 2017 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 Q2 2017/18 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 Q2 2017/18 is provided in **Appendix 2**

Reason for waiver	Number of contracts	Contract value
Direct award	21	£776,079
Insufficient time	2	£517,370
Not obtaining 3 bids	4	£177,163
Other	1	£36,000
Original spend estimate wrong	1	£5,015
<b>Total</b>	<b>29</b> (30% of all contracts awarded in Q2)	<b>£1,511,627</b> (5% of all contracts awarded in Q2)



	Value of all contracts awarded Q2	Total number of contracts awarded Q2	Waiver reasons	Value of Waivers Q2	Number of waivers Q2
Adult Services	£ 2,981,012	6	Insufficient time	£ 517,370	2
			<b>TOTAL WAIVERS</b>	<b>£ 517,370</b>	<b>2</b>
			<b>Waivers as % of all contracts</b>	<b>17%</b>	<b>33%</b>
Children's Services and Education	£ 2,027,136	2	Direct award	£ 18,000	1
			<b>TOTAL WAIVERS</b>	<b>£ 18,000</b>	<b>1</b>
			<b>Waivers as % of all contracts</b>	<b>1%</b>	<b>50%</b>
Community and Communication	£ 12,500	1	Direct award	£ 12,500	1
			<b>TOTAL WAIVERS</b>	<b>£ 12,500</b>	<b>1</b>
			<b>Waivers as % of all contracts</b>	<b>100%</b>	<b>100%</b>
Culture and City Development	£ 466,663	10	Direct award	£ 51,660	4
			<b>TOTAL WAIVERS</b>	<b>£ 51,660</b>	<b>4</b>
			<b>Waivers as % of all contracts</b>	<b>11%</b>	<b>40%</b>
Finance and Information Services	£ 1,362,883	12	Direct award	£ 259,163	3
			Not obtaining 3 bids	£ 12,569	2
			Original spend estimate wrong	£ 5,015	1
			<b>TOTAL WAIVERS</b>	<b>£ 276,747</b>	<b>6</b>
HR Legal and Performance	£ 3,585,533	17	<b>Waivers as % of all contracts</b>	<b>20%</b>	<b>50%</b>
			Direct award	£ 106,740	5
			Other	£ 36,000	1
Portsmouth International Port	£ 1,925,002	6	<b>TOTAL WAIVERS</b>	<b>£ 142,740</b>	<b>6</b>
			<b>Waivers as % of all contracts</b>	<b>4%</b>	<b>35%</b>
			Direct award	£ 173,207	3
Property and Housing	£ 5,222,297	24	Not obtaining 3 bids	£ 164,594	2
			<b>TOTAL WAIVERS</b>	<b>£ 337,801</b>	<b>5</b>
			<b>Waivers as % of all contracts</b>	<b>18%</b>	<b>83%</b>
Public Health	£ 11,510,400	9	Direct award	£ 50,000	1
			<b>TOTAL WAIVERS</b>	<b>£ 50,000</b>	<b>1</b>
			<b>Waivers as % of all contracts</b>	<b>1%</b>	<b>4%</b>
Transport Environment and Business Support	£ 1,705,669	10	Direct award	£ 75,000	1
			<b>TOTAL WAIVERS</b>	<b>£ 75,000</b>	<b>1</b>
			<b>Waivers as % of all contracts</b>	<b>1%</b>	<b>11%</b>
TOTAL	£ 30,799,095	97	Direct award	£ 29,809	2
			<b>TOTAL WAIVERS</b>	<b>£ 29,809</b>	<b>2</b>
			<b>Waivers as % of all contracts</b>	<b>2%</b>	<b>20%</b>

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### Section 3: Spend with Waiver



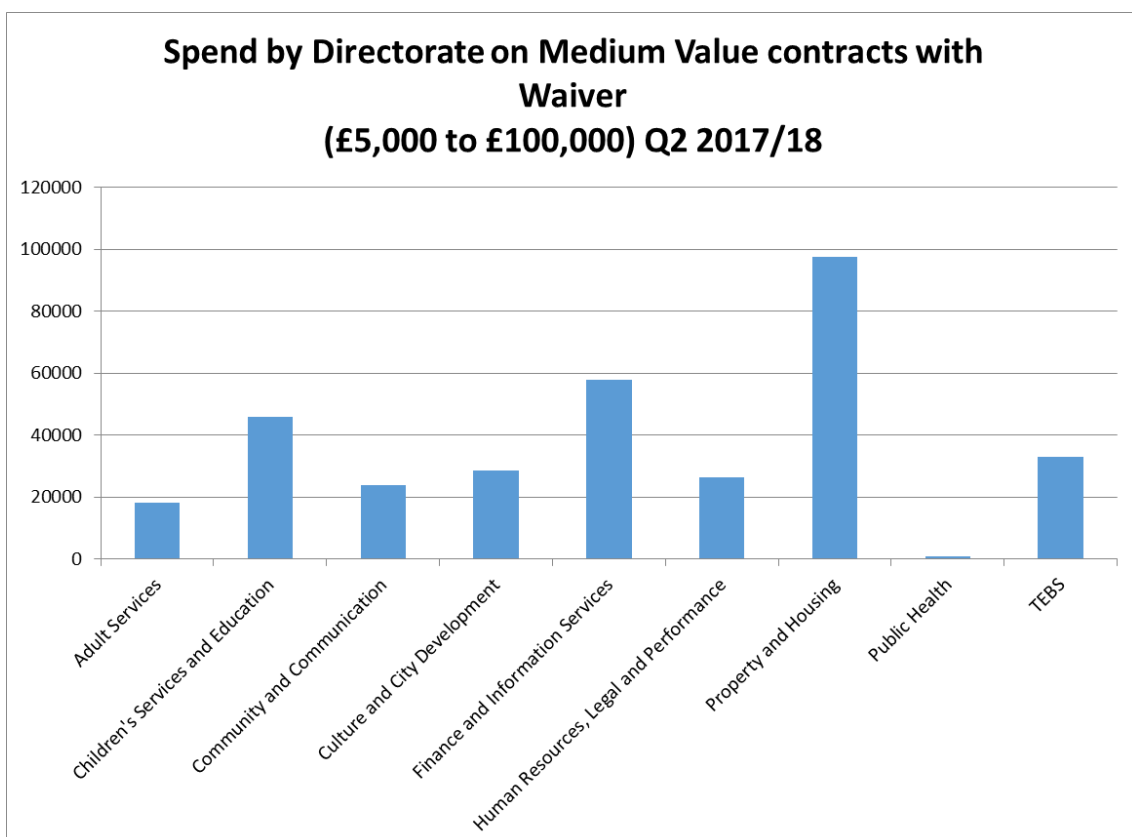
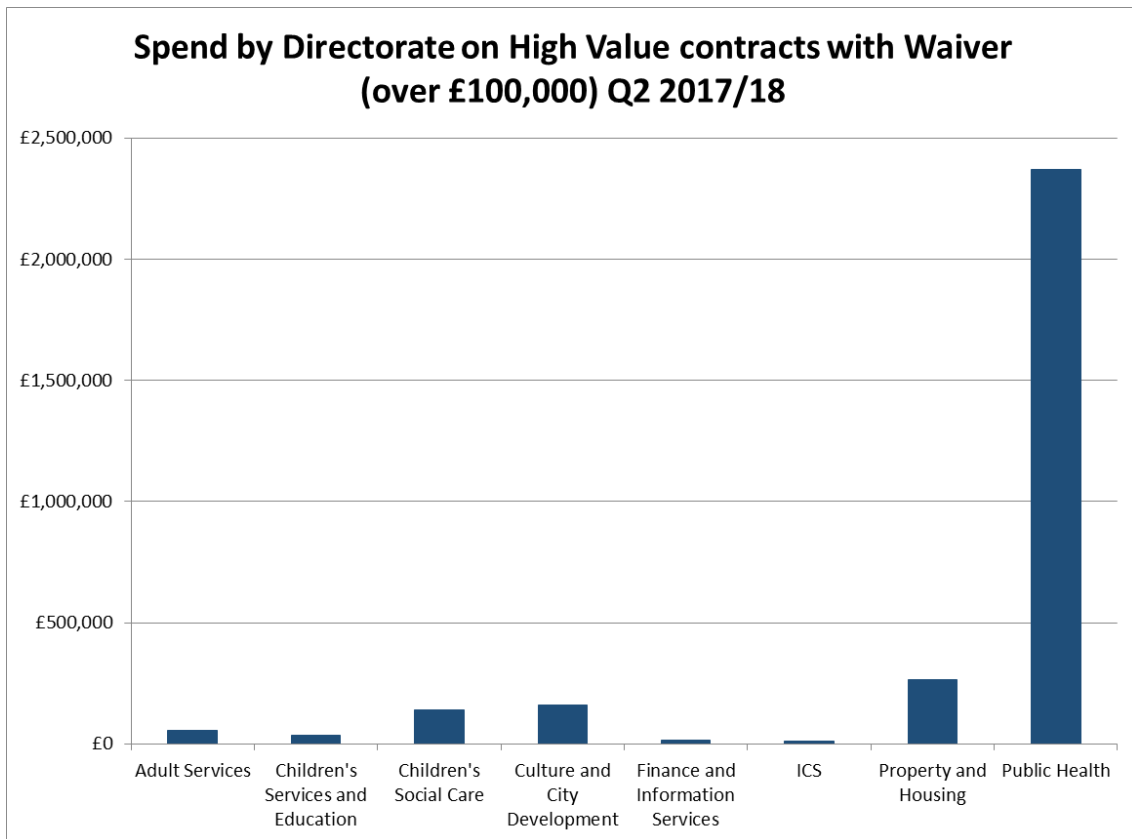
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The table and graphs provide a breakdown by Directorate of the actual spend during Q2 2017/18 on contracts which have waivers associated with them.

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

See **Appendix 3** for details of payments under contracts with waivers in Q2.

	TOTAL SPEND IN QUARTER				WAIVER SPEND IN QUARTER				% OF TOTAL SPEND COVERED BY WAIVER IN QUARTER			
	2016/17		2017/18		2016/17		2017/18		2016/17		2017/18	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Adult Services	£4,669,719	£3,526,673	£3,143,868	<b>£3,628,603</b>	£145,711	£211,108	£198,139	<b>£75,422</b>	3%	6%	6%	<b>2%</b>
Swift Interface (ASC and CSC)	£5,855,298	£6,662,539	£6,299,453	<b>£6,716,800</b>	£0	£0	£0	<b>£0</b>	0%	0%	0%	<b>0%</b>
Children's Services and Education	£5,983,258	£4,759,567	£6,267,762	<b>£2,353,652</b>	£15,764	£112,793	£79,015	<b>£83,103</b>	0%	2%	1%	<b>4%</b>
Children's Social Care	£1,630,550	£2,948,686	£2,539,268	<b>£2,197,902</b>	£40,887	£346,671	£369,535	<b>£139,514</b>	3%	12%	15%	<b>6%</b>
Community and Communication	£257,679	£229,276	£233,435	<b>£215,420</b>	£10,675	£56,045	£73,116	<b>£23,735</b>	4%	24%	31%	<b>11%</b>
Culture and City Development	£1,761,804	£1,422,292	£1,714,694	<b>£1,926,651</b>	£227,507	£219,431	£194,390	<b>£190,626</b>	13%	15%	11%	<b>10%</b>
Executive	£431,906	£1,584,345	£147,357	<b>£371,512</b>	£1,937	£0	£0	<b>£0</b>	0%	0%	0%	<b>0%</b>
Finance and Information Services	£686,546	£832,319	£757,298	<b>£1,340,587</b>	£125,143	£92,635	£261,782	<b>£85,768</b>	18%	11%	35%	<b>6%</b>
HR Legal and Performance	£613,027	£371,172	£948,644	<b>£962,661</b>	£169,232	£17,379	£17,804	<b>£26,499</b>	28%	5%	2%	<b>3%</b>
Integrated Commissioning Service	£168,057	£151,876	£191,657	<b>£128,394</b>	£0	£0	£15,000	<b>£9,300</b>	0%	0%	8%	<b>7%</b>
Property and Housing	£15,938,215	£14,086,144	£18,201,287	<b>£19,952,626</b>	£150,093	£127,419	£130,742	<b>£365,319</b>	1%	1%	1%	<b>2%</b>
Public Health	£3,125,820	£2,552,069	£1,535,380	<b>£3,140,588</b>	£1,319,308	£1,022,300	£689,279	<b>£2,370,979</b>	42%	40%	45%	<b>75%</b>
Regulatory Services and Community Safety	£592,162	£0	£0		£381,025	£0	£0	<b>£0</b>	64%	0%	0%	<b>0%</b>
Transport Environment and Business Support	£5,512,685	£8,392,851	£3,817,585	<b>£3,016,894</b>	£86,216	£203,120	£32,460	<b>£39,881</b>	2%	2%	1%	<b>1%</b>
<b>TOTALS</b>	<b>£47,227,172</b>	<b>£47,519,949</b>	<b>£45,797,778</b>	<b>£45,954,925</b>	<b>£2,673,498</b>	<b>£2,408,900</b>	<b>£2,061,261</b>	<b>£3,410,146</b>	<b>6%</b>	<b>5%</b>	<b>5%</b>	<b>7%</b>

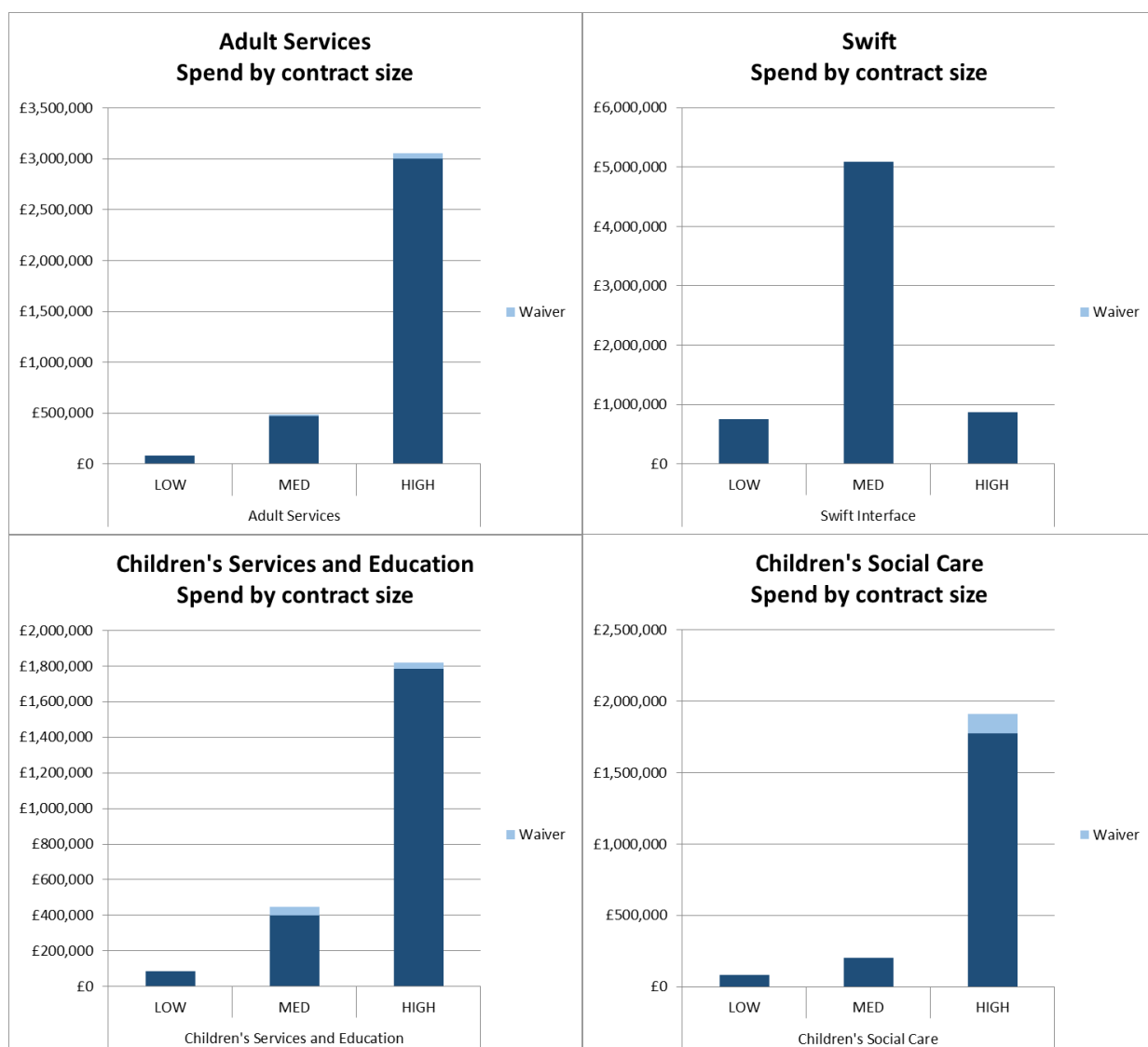


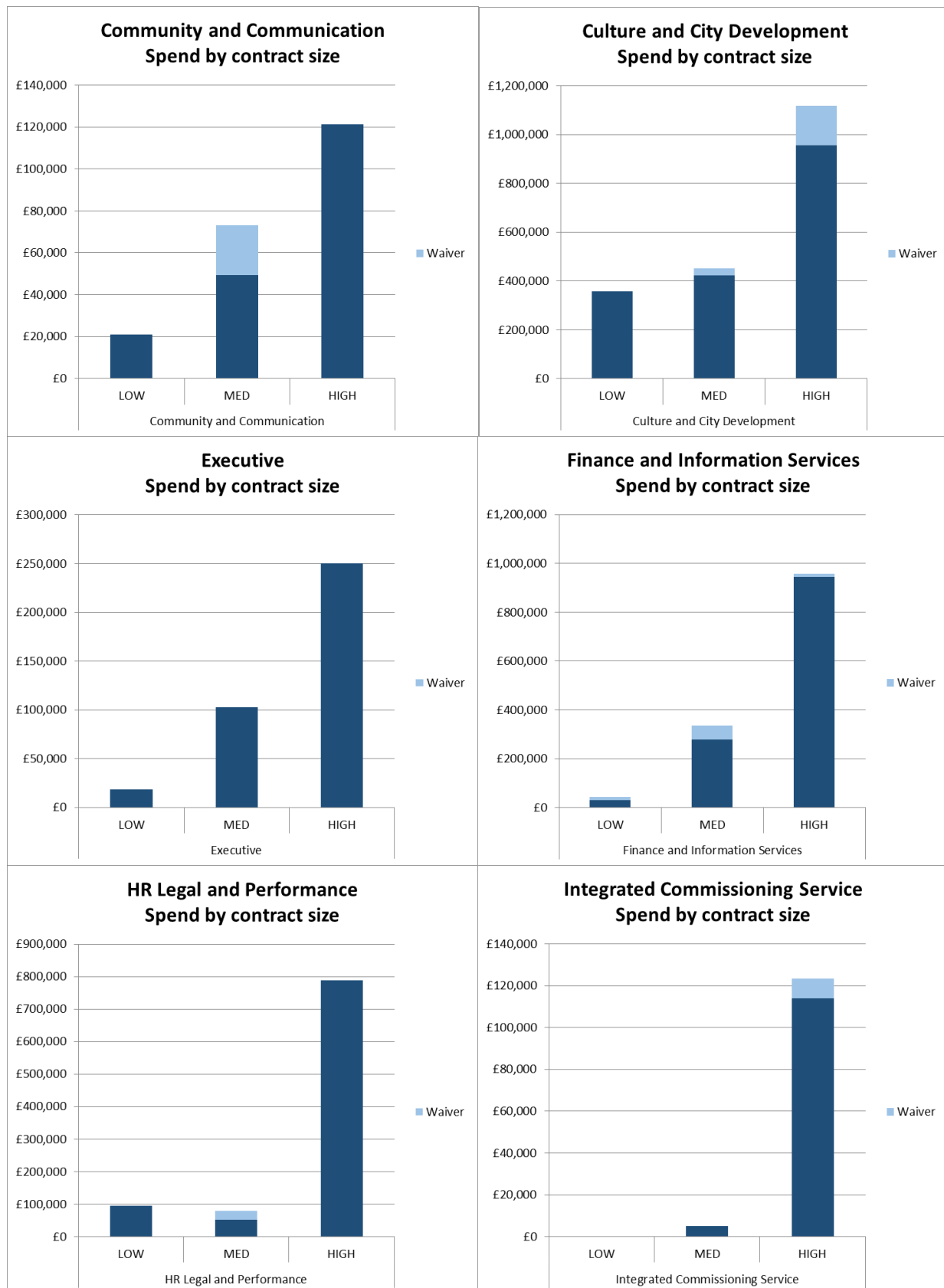
## Section 4: Spend by Contract Size

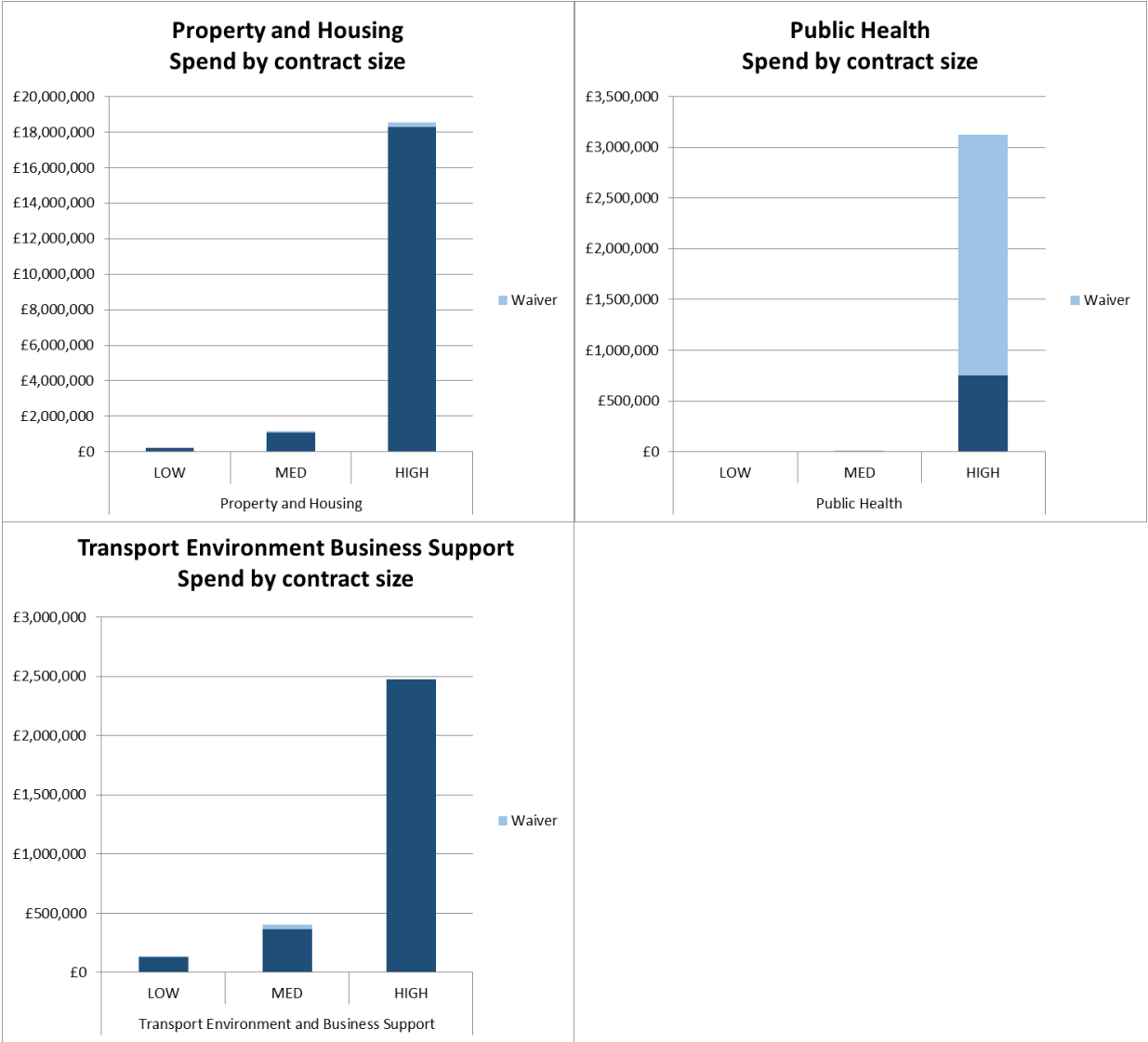
The following graphs present the actual spend by Directorate in Q2 2017/18, and how this is broken down into spend under high, medium and low value contracts.

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.







## Section 5: Suppliers paid over £100,000 in Q2 by Directorate

The tables show those suppliers who have been paid over £100,000 in Q2 2017/18 by directorate. They are arranged in descending order of value by directorate.

The spend with these suppliers represents **75%** of the total spend in Q2.

The 74 suppliers below represent **6%** of the total number of suppliers paid in Q2 (1167).

	Q2 spend with supplier	% of Directorate Q2 spend
<b>Adult Services</b>		
SEVACARE (UK) LTD	£700,298	19%
NHS PORTSMOUTH CCG	£262,180	7%
MILLBROOK HEALTHCARE	£239,452	7%
THE YOU TRUST	£224,288	6%
DIMENSIONS (UK) LTD	£188,069	5%
COMMUNITY INTEGRATED CARE (CIC)	£176,353	5%
CARE UK COMMUNITY PARTNERSHIPS LTD	£157,629	4%
CROSSBIND LTD T/A COSHAM COURT	£146,751	4%
RICHMOND FELLOWSHIP	£122,976	3%
BRITISH RED CROSS SOCIETY	£100,000	3%
<b>Swift</b>		
DIMENSIONS (UK) LTD	£536,675	8%
APEX PROPERTY VENTURES LTD	£345,338	5%
COMMUNITY INTEGRATED CARE (CIC)	£273,355	4%
AFFINITY TRUST LTD	£249,893	4%
CREATIVE ADVANCES LTD	£230,036	3%
CARE MANAGEMENT GROUP LIMITED	£219,307	3%
DOLPHIN HOMES LTD	£217,704	3%
CRESCENT COMMUNITY CARE SERVICES LTD	£206,015	3%
VOYAGE CARE	£172,244	3%
HANDLE WITH CARE (PORTSMOUTH) LTD	£170,002	3%
SEVACARE (UK) LTD	£169,348	3%
ROYAL MENCAP SOCIETY	£155,943	2%
ASTER CARE LTD	£155,419	2%
B S CARE LTD	£153,045	2%
CHOICE CARE GROUP	£145,045	2%
CHAOS SUPPORT LIMITED	£135,897	2%
SUMMERLANDS	£132,451	2%
AUTISM HAMPSHIRE	£110,543	2%
CARING FOR YOU LIMITED	£104,905	2%
BEACONSFIELD RESIDENTIAL CARE HOME	£104,643	2%
PATHWAYS SUPPORT	£100,146	1%



	Q2 spend with supplier	% of Directorate Q2 spend
<b>Children's Services and Education</b>		
ISS FACILITY SERVICES EDUCATION	£558,966	24%
GRANNAG LIMITED	£540,813	23%
CAMBIAN GROUP LTD	£279,490	12%
ENABLE ABILITY	£136,693	6%
PETES AIRLINK LIMITED	£100,641	4%
<b>Children's Social Care</b>		
BRAMLEY CARE LTD T/A APPLE ORCHARD	£209,756	10%
FAIRWAYS CARE (UK) LTD	£192,424	9%
BLUE SKY FOSTERING	£118,960	5%
FOSTERING SOLUTIONS	£116,947	5%
BARNARDO SERVICES LTD	£107,394	5%
THE SERENDIPITY CENTRE LTD	£102,515	5%
<b>Culture and City Development</b>		
ISS FACILITY SERVICES LANDSCAPING	£232,624	12%
SAVILLS (UK) LTD	£155,244	8%
PORTSMOUTH CULTURAL TRUST	£142,645	7%
<b>Executive</b>		
STEER DAVIES AND GLEAVE LTD	£221,728	60%
<b>Finance and Information Services</b>		
CIVICA SERVICES LIMITED	£353,700	33%
<b>HR Legal and Performance</b>		
COMENSURA LTD	£381,081	40%
<b>Public Health</b>		
SOLENT NHS TRUST	£2,370,137	75%
THE SOCIETY OF ST JAMES	£458,054	15%
PORTSMOUTH HOSPITALS NHS TRUST	£180,055	6%
<b>Transport Environment and Business Support</b>		
KNIGHTS BROWN CONSTRUCTION LTD	£1,442,483	40%
GEOFFREY OSBORNE LTD	£1,007,062	28%
A & F PILBEAM CONSTRUCTION LTD	£267,905	7%
BALFOUR BEATTY GROUP	£212,683	6%
FIRST	£130,446	4%



	Q3 spend with supplier	% of Directorate Q3 spend
<b>Property and Housing</b>		
MOUNTJOY LIMITED	£4,082,369	20%
COMSERV (UK) LIMITED	£2,885,437	14%
PMC CONSTRUCTION AND DEVELOPMENT SERVICES LTD	£2,446,306	12%
LIBERTY GAS GROUP LIMITED	£1,351,781	7%
BAM CONSTRUCTION LTD	£1,322,160	7%
LAWTECH GROUP LIMITED	£823,129	4%
VALE SOUTHERN CONSTRUCTION	£807,302	4%
BIFFA MUNICIPAL LTD	£724,476	4%
D M HABENS ( THE BUILDER) LTD	£525,928	3%
CANADA LIFE INVESTMENTS	£515,951	3%
HAMPSHIRE COUNTY COUNCIL	£501,948	3%
KEEPMOAT REGENERATION (APOLLO) LTD	£305,627	2%
CORRIGENDA LIMITED T/A CHURCHES	£304,600	2%
FELTHAM CONSTRUCTION LIMITED	£240,765	1%
E C ROBERTS CENTRE	£184,790	1%
SSE CONTRACTING LTD	£168,845	1%
THE SOCIETY OF ST JAMES	£153,458	1%
THE SALVATION ARMY	£145,166	1%
SPACE RENEWABLE ENERGY LTD	£144,765	1%
VEAR BUILDING SERVICES LIMITED	£123,317	1%
SSE PLC (SCOTTISH AND SOUTHERN ENERGY PLC)	£116,085	1%
TWO SAINTS LTD	£111,575	1%

## 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				
<b>Jan 2016</b>	711	46	210	22	0	34	88	247	64
<b>Jun 2016</b>	728	53	211	24	1	24	96	258	61
<b>Sep 2016</b>	672	47	219	24	3	26	91	202	60
<b>Jan 2017</b>	699	50	202	24	2	49	110	190	72
<b>Sept 2017</b>	<b>709</b>	<b>58</b>	<b>174</b>	<b>27</b>	<b>2</b>	<b>36</b>	<b>112</b>	<b>191</b>	<b>109</b>

## 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 the following reasons: Temporary accommodation (28); Overarching framework agreements (26); Concessions (10); Locally commissioned services (7); Registration, subscription and membership fees (7); Grants (6); Leases (5); Not subject to Procurement Regulations (4) and Single Supplier markets (2)

The remaining 14 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 27 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 (Q2)	Number of contracts with no KPI score (Q2)	% of contracts with no KPI score (Q2)	Annual contract value of un-scored contracts (Q2)
Property and Housing	187	41	22%	£12,214,992
Transport Environment and Business Support	48	13	27%	£12,185,423
Finance and Information Services	106	12	11%	£2,817,548
Children's Services and Education	31	4	13%	£2,804,508
Culture and City Development	70	17	24%	£620,221
Community and Communication	38	9	24%	£616,595
Children's Social Care	24	4	17%	£260,890
HR Legal and Performance	41	6	15%	£79,425
Adult Services	95	3	3%	£25,900
Public Health	17	1	6%	£15,000
Portsmouth International Port	41	1	2%	£11,850
Regulatory Services and Community Safety	9	1	11%	£5,060
Executive	2	0	0%	£0
	<b>709</b>	<b>112</b>	<b>16%</b>	<b>£31,657,412</b>

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

Directorate	KPIs not scored for 12 months			
	Total number of contracts (Q2)	Number of contracts with old KPI score (Q2)	% of contracts with old KPI score (Q2)	Annual contract value of un-scored contracts (Q2)
Property and Housing	187	7	4%	£9,816,378
HR Legal and Performance	41	4	10%	£2,531,465
Transport Environment and Business Support	48	7	15%	£1,069,800
Culture and City Development	70	7	10%	£308,485
Finance and Information Services	106	7	7%	£117,435
Community and Communication	38	4	11%	£101,199
Children's Services and Education	31	0	0%	£0
Portsmouth International Port	41	0	0%	£0
Executive	2	0	0%	£0
Adult Services	95	0	0%	£0
Children's Social Care	24	0	0%	£0
Public Health	17	0	0%	£0
Regulatory Services and Community Safety	9	0	0%	£0
<b>TOTAL</b>	<b>709</b>	<b>36</b>	<b>5%</b>	<b>£13,944,762</b>

.....  
Signed by (Director)

**Appendices:**

Appendix 1: Non Conformance (exempt)

Appendix 2: Waivers

Appendix 3: Payments under waiver

Appendix 4: Contract performance issues (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