

<b>Title of meeting:</b>	Governance and Audit and Standards Committee
<b>Subject:</b>	Procurement Management Information
<b>Date of meeting:</b>	27 July 2018
<b>Report by:</b>	Director of Finance and Information Services
<b>Wards affected:</b>	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

## THIS ITEM IS FOR INFORMATION ONLY



### 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 **April 2018**. 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.

**THIS ITEM IS FOR INFORMATION ONLY**



Directorate	Full year 2017/18			Apr-18			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	£40,594,111	£2,796,465	93%	£2,899,436	£62,384	98%	
Children's Services and Education	£22,797,026	£2,816,857	88%	£1,991,191	£872,385	56%	LOW
Community and Communication	£1,355,004	£85,951	94%	£115,208	£0	100%	
Culture and City Development	£4,350,851	£892,616	79%	£316,353	£33,227	89%	LOW
Finance and Information Services	£4,374,767	£649,267	85%	£326,575	£4,370	99%	
HR, Legal and Performance	£1,784,126	£81,129	95%	£155,294	£0	100%	
Portsmouth International Port	£10,566,628	£6,479	100%	£50,776	£0	100%	
Property and Housing	£47,960,989	£4,901,453	90%	£3,705,951	£32,071	99%	
Public Health	£10,415,555	£402,195	96%	£155,773	£18,586	88%	LOW
Regeneration	£19,092,918	£2,883,465	85%	£357,826	£6,920	98%	
Chief executive	£20,819	£20,819	0%	£10,000	£0	100%	
Capital schemes	£38,033,372	£4,883,547	87%	£4,314,369	£10,640	100%	
<b>TOTAL</b>	<b>£201,346,166</b>	<b>£20,420,243</b>	<b>90 %</b>	<b>£14,398,752</b>	<b>£1,040,583</b>	<b>93%</b>	

A detailed commentary on non-compliant transactions in the month of April 2018 is provided in **Appendix 1** (exempt).

Reports on low level transactions (less than £5,000) 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 Q1 2018/19 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 Q1 2018/19 is provided in **Appendix 2**

<b>Reason for waiver</b>	<b>Number of contracts</b>	<b>Contract value</b>
Emergency	1	£8,000,000
Direct award	40	£1,470,452
Not obtaining 3 bids	6	£747,873
Not advertising the opportunity	3	£78,041
Insufficient time	2	£35,250
Single source	3	£14,212
Use of previous tender	1	£12,000
Other	1	£6,735
Original spend estimate wrong	1	£5,113
<b>Total</b>	<b>58</b> (45% of all contracts awarded in Q1)	<b>£10,369,676</b> (50% of all contracts awarded in Q3)



	Value of all contracts awarded Q1	Total number of contracts awarded Q1	Waiver reasons	Value of Waivers Q1	Number of waivers Q1
Adult Services	£ 8,015,000	2	Emergency	£ 8,000,000	1
			Direct award	£ 15,000	1
			<b>TOTAL WAIVERS</b> Waivers as % of all contracts	<b>£ 8,015,000</b> <b>100%</b>	<b>2</b> <b>100%</b>
Children's Services and Education	£ 4,465,294	14	Direct award	£ 74,465	2
			<b>TOTAL WAIVERS</b> Waivers as % of all contracts	<b>£ 74,465</b> <b>2%</b>	<b>2</b> <b>14%</b>
Children's Social Care	£ 2,990,482	13	Direct award	£ 706,682	5
			<b>TOTAL WAIVERS</b> Waivers as % of all contracts	<b>£ 706,682</b> <b>24%</b>	<b>5</b> <b>38%</b>
Community and Communication	£ 78,173	2	Direct award	£ 78,173	2
			<b>TOTAL WAIVERS</b> Waivers as % of all contracts	<b>£ 78,173</b> <b>100%</b>	<b>2</b> <b>100%</b>
Culture	£ 332,453	32	Not advertising the opportunity	£ 66,546	2
			Single source	£ 7,000	1
			Direct award	£ 161,157	8
			<b>TOTAL WAIVERS</b> Waivers as % of all contracts	<b>£ 234,703</b> <b>71%</b>	<b>11</b> <b>34%</b>
Finance and Information Services	£ 536,816	18	Not obtaining 3 bids	£ 43,434	1
			Single source	£ 7,212	2
			Direct award	£ 118,578	6
			Insufficient time	£ 35,250	2
			<b>TOTAL WAIVERS</b> Waivers as % of all contracts	<b>£ 204,474</b> <b>38%</b>	<b>11</b> <b>61%</b>
HR Legal and Performance	£ 554,894	9	Direct award	£ 5,286	1
			Not obtaining 3 bids	£ 72,000	1
			Use of previous tender	£ 12,000	1
			<b>TOTAL WAIVERS</b> Waivers as % of all contracts	<b>£ 89,286</b> <b>16%</b>	<b>3</b> <b>33%</b>
Portsmouth International Port	£ 1,399,833	7	Direct award	£ 53,220	5
			Original spend estimate wrong	£ 5,113	1
			<b>TOTAL WAIVERS</b> Waivers as % of all contracts	<b>£ 58,333</b> <b>4%</b>	<b>6</b> <b>86%</b>
Property and Housing	£ 1,907,492	15	Not obtaining 3 bids	£ 626,885	3
			Direct award	£ 15,987	2
			<b>TOTAL WAIVERS</b> Waivers as % of all contracts	<b>£ 642,872</b> <b>34%</b>	<b>5</b> <b>33%</b>
Public Health	£ 44,266	2	Direct award	£ 44,266	2
			<b>TOTAL WAIVERS</b> Waivers as % of all contracts	<b>£ 44,266</b> <b>100%</b>	<b>2</b> <b>100%</b>
Regeneration	£ 418,449	16	Not advertising the opportunity	£ 11,495	1
			Not obtaining 3 bids	£ 5,554	1
			Direct award	£ 197,638	6
			Other	£ 6,735	1
			<b>TOTAL WAIVERS</b> Waivers as % of all contracts	<b>£ 221,422</b> <b>53%</b>	<b>9</b> <b>56%</b>
<b>TOTAL</b>	<b>£ 20,743,152</b>	<b>130</b>			

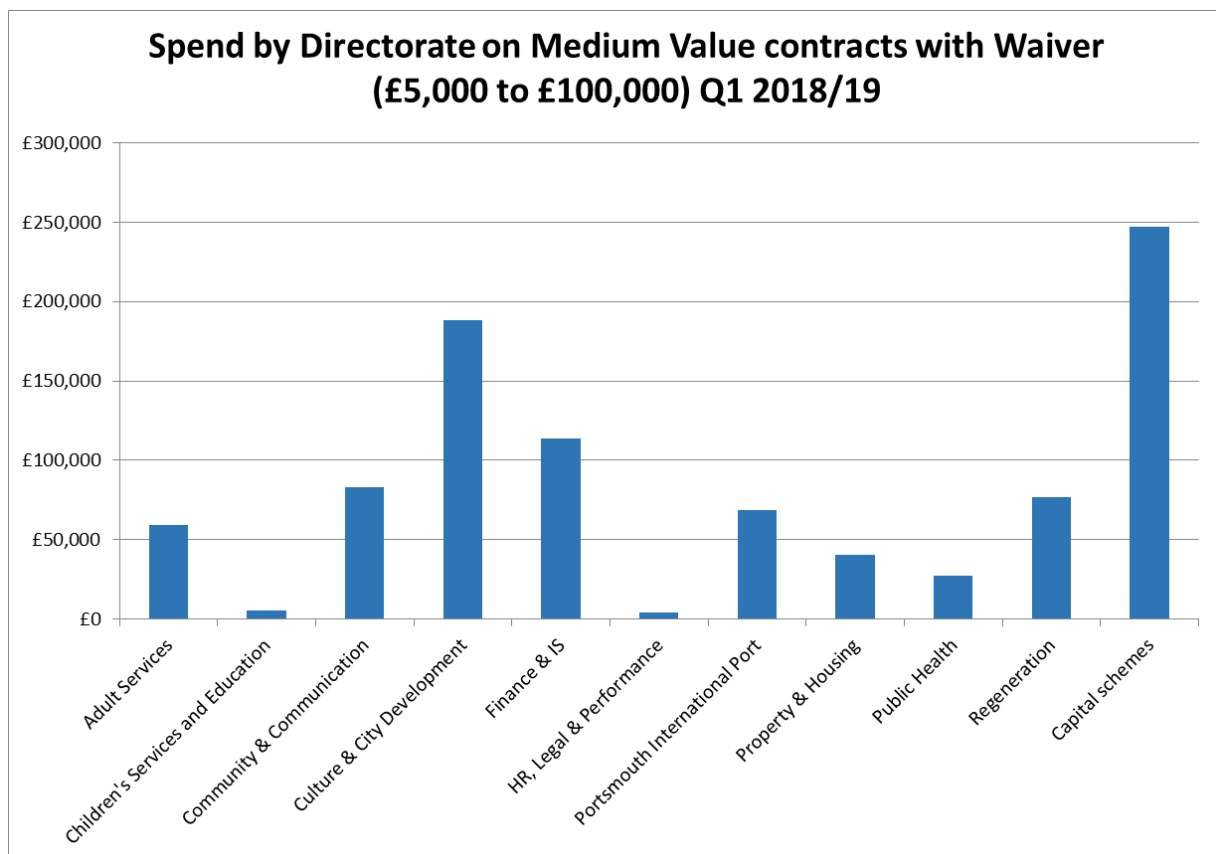
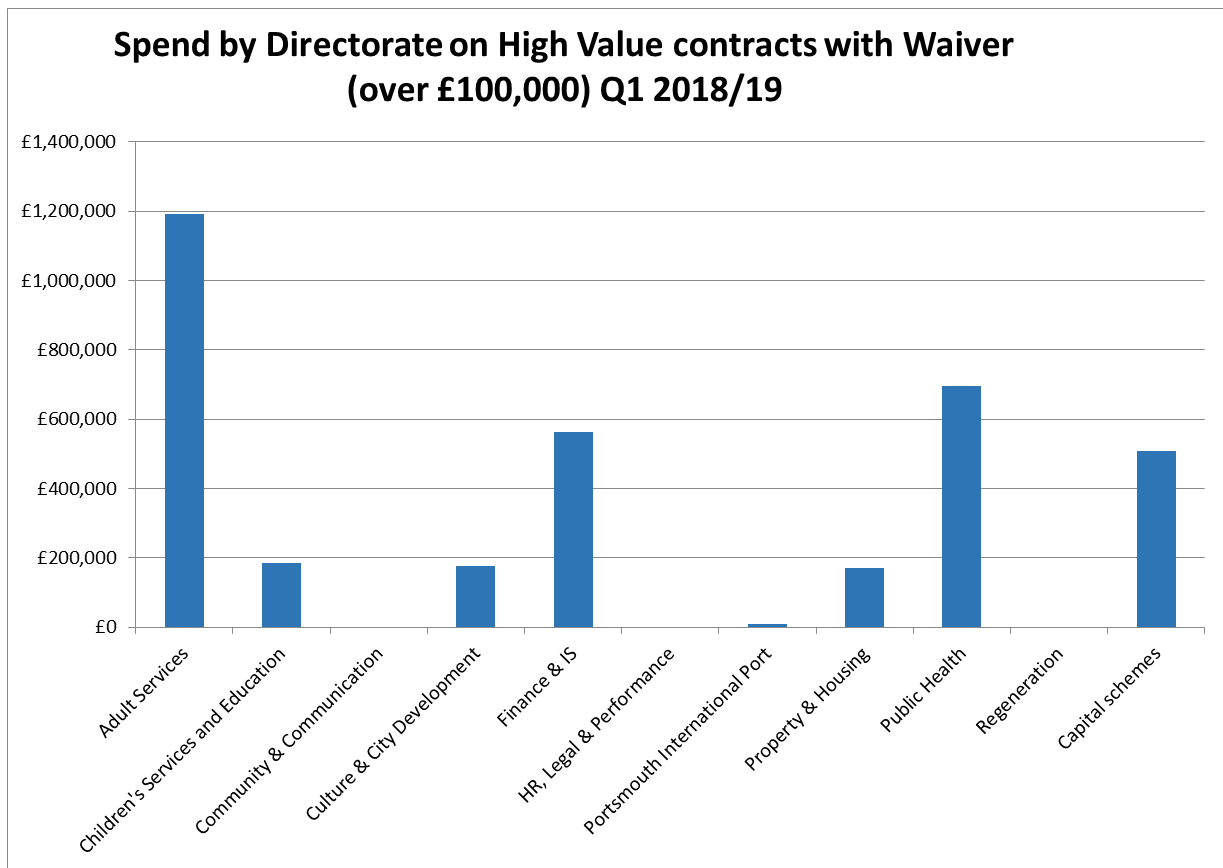
### Section 3: Spend with Waiver

The table and graphs provide a breakdown by Directorate of the actual spend during Q1 2017/19 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 Q1.

	Total spend in quarter	Waiver spend in quarter	% of total spend covered by waiver in quarter
Adult Services	£10,903,682	£1,251,011	11%
Chief Executive service	£10,000	£0	0%
Children's Services and Education	£5,308,673	£190,367	4%
Community & Communication	£338,201	£83,227	25%
Culture & City Development	£992,820	£364,948	37%
Finance & IS	£1,117,284	£675,332	60%
HR, Legal & Performance	£773,206	£4,206	1%
Portsmouth International Port	£926,599	£77,360	8%
Property & Housing	£12,445,039	£211,048	2%
Public Health	£1,832,692	£724,101	40%
Regeneration	£638,197	£76,792	12%
Capital schemes	£11,484,027	£754,886	7%
<b>TOTAL</b>	<b>£46,770,420</b>	<b>£4,413,280</b>	<b>9%</b>

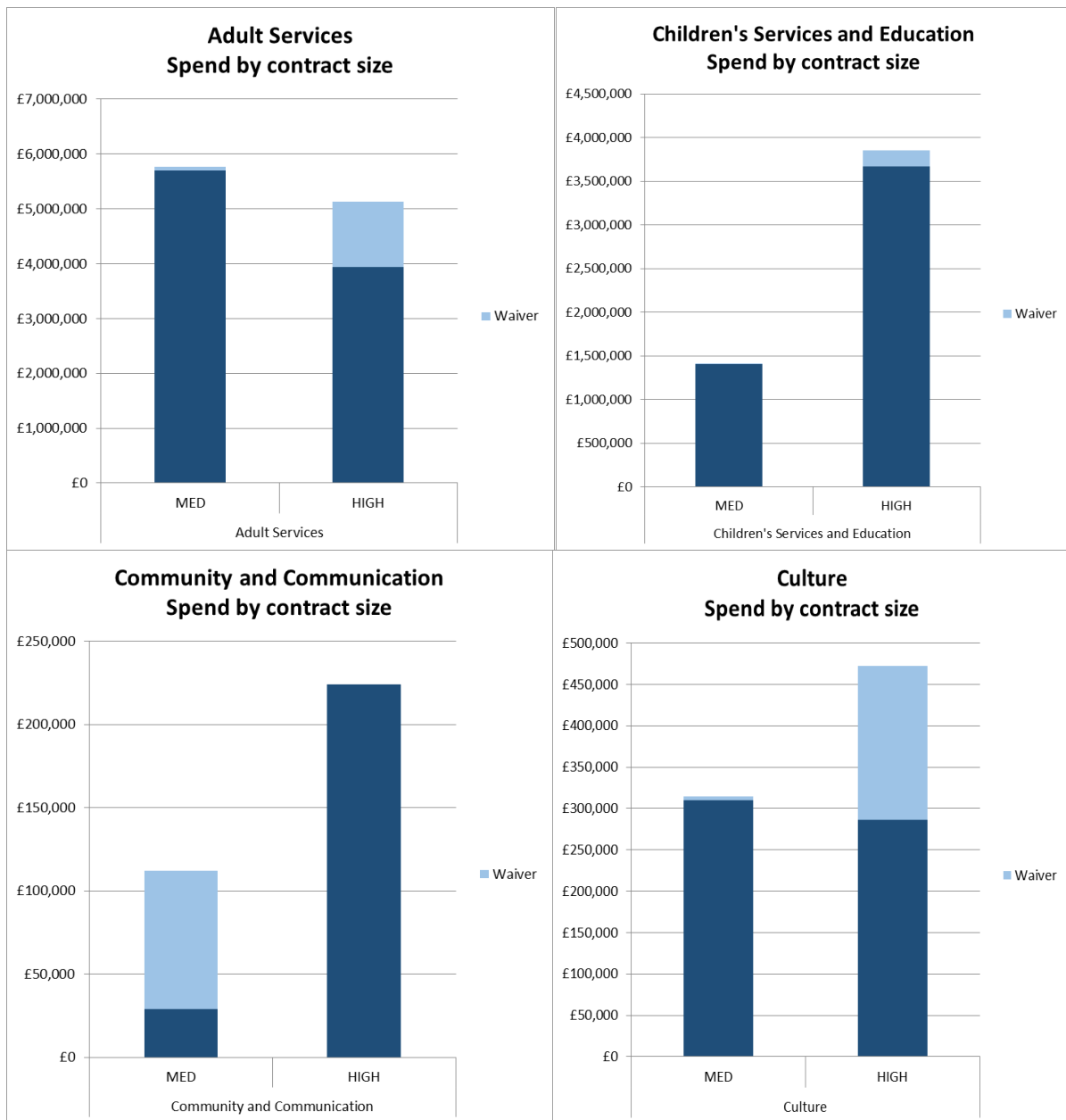


**Section 4: Spend by Contract Size**

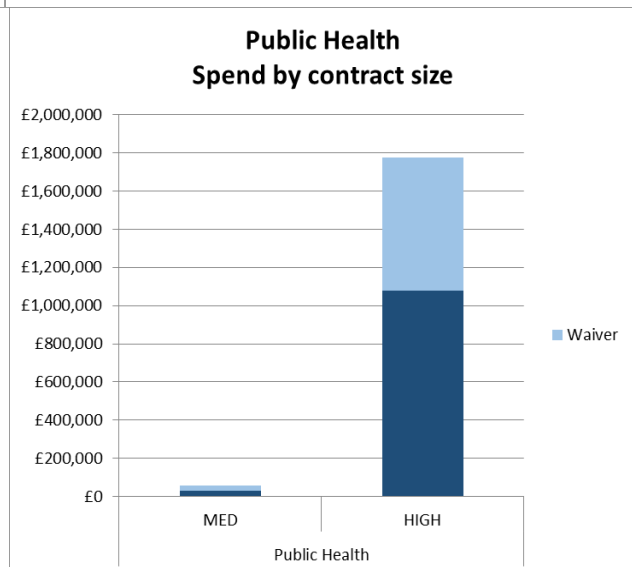
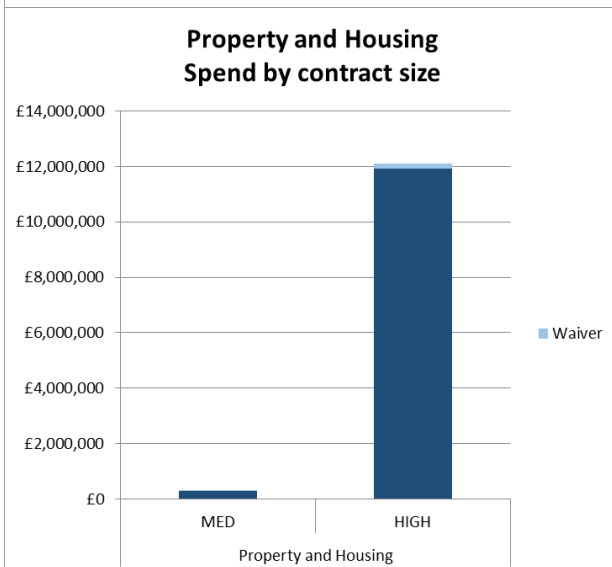
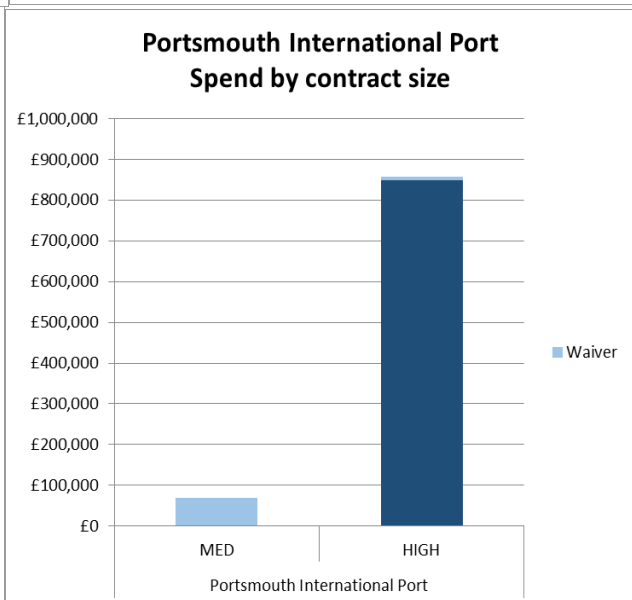
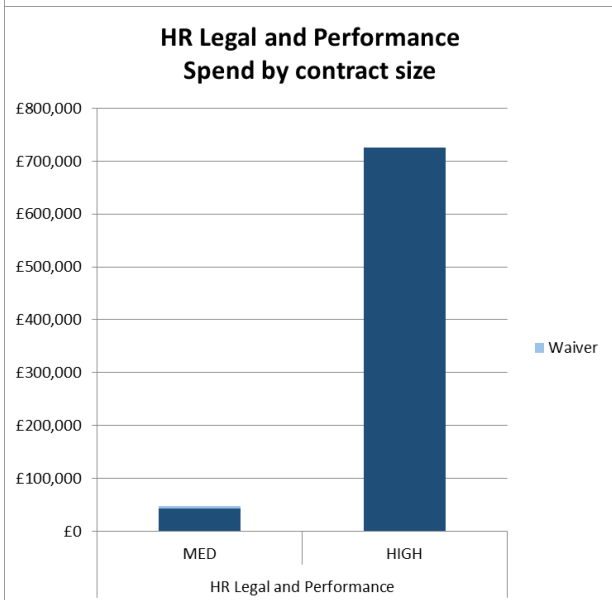
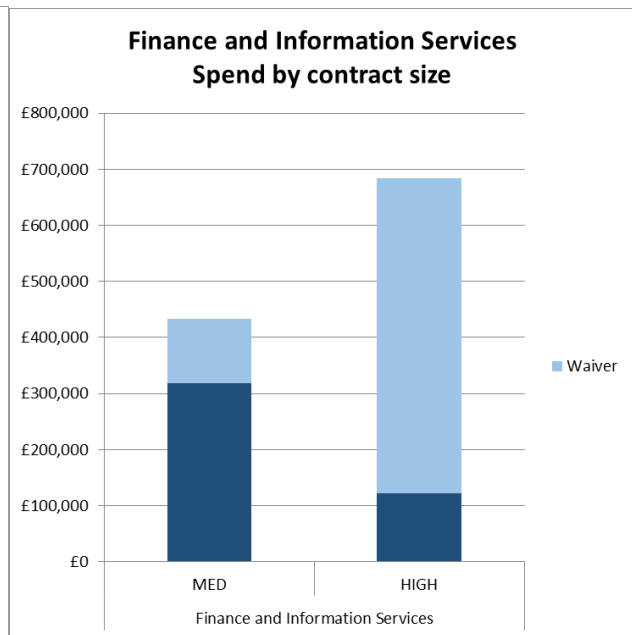
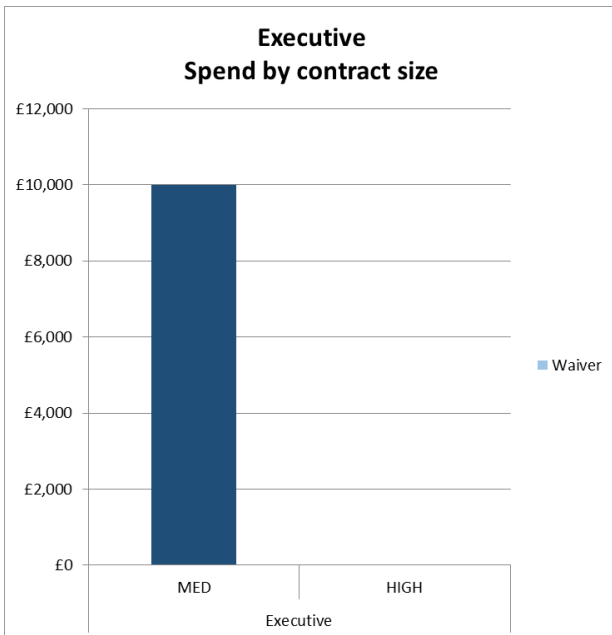
The following graphs present the actual spend by Directorate in Q1 2018/19, and how this is broken down into spend under high and medium value contracts.

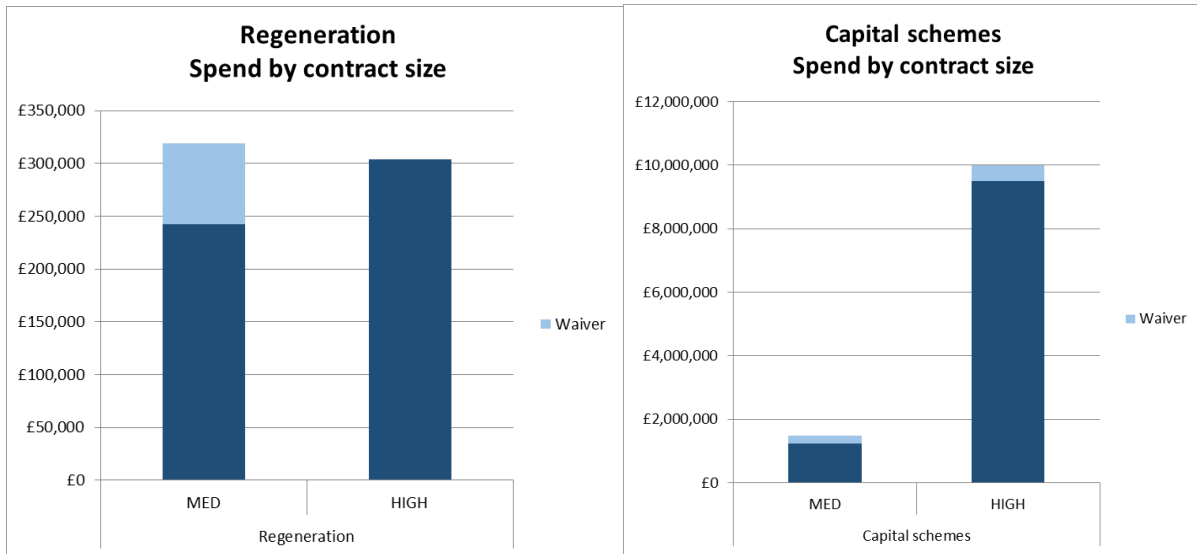
High value contracts                    £100,000 and over  
 Medium value contracts            between £5,000 and £100,000

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 Q1 by Directorate**

The tables show those suppliers who have been paid over £100,000 in Q1 2018/19 by directorate. They are arranged in descending order of value by directorate.

The spend with these suppliers represents **78%** of the total spend in Q1.

The **79** suppliers below represent **12%** of the total number of suppliers paid in Q1 (650).

	Q3 spend with supplier	% of Directorate Q3 spend
<b>Adult Services</b>		
DIMENSIONS (UK) LTD	£939,284	8%
HAMPSHIRE COUNTY COUNCIL	£781,474	7%
MILLBROOK HEALTHCARE	£515,271	5%
SEVACARE (UK) LTD	£505,513	4%
NHS PORTSMOUTH CCG	£474,853	4%
COMMUNITY INTEGRATED CARE (CIC)	£341,130	3%
APEX PROPERTY VENTURES LTD	£312,001	3%
THE YOU TRUST	£304,511	3%
AFFINITY TRUST LTD	£286,295	3%
VOYAGE CARE	£275,708	2%
MOUNTJOY LIMITED	£267,827	2%
CREATIVE ADVANCES LTD	£222,768	2%
CARE MANAGEMENT GROUP LIMITED	£221,064	2%
DOLPHIN HOMES LTD	£188,670	2%
CRESCENT COMMUNITY CARE SERVICES LTD	£185,342	2%
KARE PLUS NATIONAL	£155,193	1%
CHOICE CARE GROUP	£153,195	1%
AUTISM HAMPSHIRE	£144,783	1%
CHAOS SUPPORT LIMITED	£134,598	1%
MINSTEAD TRAINING TRUST	£130,536	1%
ROYAL MENCAP SOCIETY	£127,803	1%
RICHMOND FELLOWSHIP	£125,589	1%
CROSSBIND LTD T/A COSHAM COURT	£124,482	1%
OXFORD COMPUTER CONSULTANTS LIMITED	£112,537	1%
GLENSIDE MANOR HEALTHCARE SERVICES LTD	£111,568	1%
AGINCARE UK	£109,982	1%
PATHWAYS SUPPORT	£106,476	1%
BEACONSFIELD RESIDENTIAL CARE HOME	£105,773	1%
BRITISH RED CROSS SOCIETY	£100,000	1%
<b>Children's Services and Education</b>		
D M HABENS ( THE BUILDER) LTD	£967,100	13%
MOUNTJOY LIMITED	£612,605	8%
GRANNAG LIMITED	£541,696	7%
CAMBIAN GROUP LTD	£335,327	5%
ISS FACILITY SERVICES EDUCATION	£271,595	4%
V CARE 24 LIMITED	£256,795	3%

SERVELEC GROUP LTD	£204,880	3%
SILWOOD FACILITIES LTD	£187,389	3%
PETES AIRLINK LIMITED	£156,584	2%
ST EDWARDS SCHOOL	£148,167	2%
SUNBEAM FOSTERING AGENCY	£142,265	2%
HIGHBURY COLLEGE	£137,791	2%
HAMPSHIRE COUNTY COUNCIL	£127,954	2%
BARNARDO SERVICES LTD	£124,131	2%
DURHAM COUNTY COUNCIL	£121,196	2%
CORE ASSETS GROUP	£115,279	2%
HILLCREST CHILDRENS SERVICES LIMITED	£108,971	1%
CAPITA BUSINESS SERVICES LIMITED	£108,067	1%
AQUA CARS LIMITED	£108,017	1%
BRAMLEY CARE LTD T/A APPLE ORCHARD	£103,738	1%
HAMPSHIRE PARTITIONING CONTRACTS LTD	£100,005	1%
<b>Culture and City Development</b>		
MOUNTJOY LIMITED	£223,972	14%
REDS BUILDERS LTD	£185,814	12%
STUDIO MB LTD	£163,476	10%
<b>Finance and Information Services</b>		
CIVICA UK LTD	£405,336	36%
WESTCOAST LIMITED	£108,690	10%
<b>HR Legal and Performance</b>		
COMENSURA LTD	£709,986	92%
<b>Portsmouth International Port</b>		
RAVESTEIN B V	£185,753	20%
CARLISLE SECURITY SERVICES LTD	£176,964	19%
<b>Public Health</b>		
SOLENT NHS TRUST	£1,050,060	57%
THE SOCIETY OF ST JAMES	£542,120	30%
<b>Regeneration</b>		
BAM CONSTRUCTION LTD	£1,197,259	25%
KNIGHTS BROWN CONSTRUCTION LTD	£1,162,124	24%
BALFOUR BEATTY GROUP	£850,218	18%
ENSIGN HIGHWAYS LTD	£403,178	8%
SAVILLS (UK) LTD	£382,454	8%
COLAS LTD	£150,682	3%
<b>Property and Housing</b>		
COMSERV (UK) LIMITED	£4,433,567	30%
MOUNTJOY LIMITED	£3,507,168	24%
PMC CONSTRUCTION AND DEVELOPMENT LTD	£1,188,175	8%
BIFFA MUNICIPAL LTD	£1,005,387	7%
FELTHAM CONSTRUCTION LIMITED	£971,969	7%
LIBERTY GAS GROUP LIMITED	£834,233	6%
CANADA LIFE INVESTMENTS	£534,560	4%
D M HABENS ( THE BUILDER) LTD	£428,410	3%
ENGIE REGENERATION (APOLLO) LTD	£235,002	2%

**THIS ITEM IS FOR INFORMATION ONLY**

CORRIGENDA LIMITED T/A CHURCHES	£170,939	1%
E C ROBERTS CENTRE	£149,181	1%
THE SALVATION ARMY	£139,493	1%
THE SOCIETY OF ST JAMES	£130,119	1%
TWO SAINTS LTD	£103,242	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				
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
Sept 2017	709	58	174	27	2	36	112	191	109
Jan 2018	737	60	168	30	4	37	117	209	112
<b>Jun 2018</b>	<b>766</b>	<b>43</b>	<b>190</b>	<b>26</b>	<b>5</b>	<b>43</b>	<b>120</b>	<b>227</b>	<b>112</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 (33); Overarching framework agreements (14); Concessions (15); Not subject to Procurement Regulations (10); Leases (5); Grants (2); Registration, subscription and membership fees (7); Single Supplier markets (6); and Locally commissioned services (3)

The remaining 17 contracts without KPI schedules will be investigated and addressed as necessary.

There are 5 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).

Please note that at the briefing meeting the committee instructed that reports be obtained for contracts with Amber KPI in addition to Red KPI. This has not been possible in the time available between the briefing meeting and the deadline for papers for the decision meeting. These Amber reports will be available in the next report due in October 2018

**THIS ITEM IS FOR INFORMATION ONLY**  
**Section 7: Supplier Performance Monitoring**



Contracts which have never had a KPI score:

Directorate	KPIs never scored			
	Total number of contracts (Q1)	Number of contracts with no KPI score (Q1)	% of contracts with no KPI score (Q1)	Annual contract value of un-scored contracts (Q1)
Adult Services	94	9	10%	£224,740
Children's Services and Education	43	5	12%	£2,066,628
Children's Social Care	42	4	10%	£289,738
Community and Communication	39	7	18%	£80,892
Culture and City Development	101	21	21%	£2,655,231
Executive	3	0	0%	£0
Finance and Information Services	105	12	11%	£2,774,843
HR Legal and Performance	71	11	15%	£66,685
Portsmouth International Port	36	3	8%	£8,078,721
Property and Housing	145	32	22%	£9,997,525
Public Health	14	0	0%	£0
Regulatory Services and Community Safety	6	1	17%	£5,060
Regeneration	67	15	22%	£12,718,156
<b>TOTAL</b>	<b>766</b>	<b>120</b>	<b>16%</b>	<b>£38,958,219</b>



**THIS ITEM IS FOR INFORMATION ONLY**



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

Directorate	KPIs not scored for 12 months			
	Total number of contracts (Q1)	Number of contracts with old KPI score (Q1)	% of contracts with old KPI score (Q1)	Annual contract value of un-scored contracts (Q1)
Adult Services	94	5	5%	£2,760,000
Children's Services and Education	43	1	2%	£147,000
Children's Social Care	42	0	0%	£0
Community and Communication	39	3	8%	£53,199
Culture and City Development	101	11	11%	£329,200
Executive	3	0	0%	£0
Finance and Information Services	105	4	4%	£110,821
HR Legal and Performance	71	1	1%	£1,965
Portsmouth International Port	36	0	0%	£0
Property and Housing	145	6	4%	£159,123
Public Health	14	1	7%	£27,656
Regulatory Services and Community Safety	6	0	0%	£0
Regeneration	67	11	16%	£1,129,000
<b>TOTAL</b>	<b>766</b>	<b>43</b>	<b>6%</b>	<b>£4,717,964</b>

.....  
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: Minutes from the Strategic Contract Management Board (17/04/18) (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