



Agenda item:

Title of meeting: Governance and Audit and Standards Committee

Date of meeting: 30th January 2015

Subject: Procurement Management Information

Report by: Head of HR, Legal and Performance

Wards Affected: Not Applicable

Key decision: No

Full Council decision: No

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. Recommendations

- 2.1 That members note we have surpassed the target of 95% conformance and achieved 97% for October 2014.
- 2.2 That members note the performance of our suppliers and contractors and action in progress to address poor performance.

3. Background

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 October 2014 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 been above target for the last two financial years with the exception of one occasion which was 92% November 2013.
- 3.8. In October 2014 there was £372,126 value of admin errors that were 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 99% .

Category Business Partners from Procurement are working in partnership with services to implement solutions to resolve non-conformance and reduce administration issues.

4. Performance of our Suppliers and Contractors

- 4.1. The following table shows the performance of our suppliers and contractors comparing information from Sept 2010 to October 2014.

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%
August 12	392	17%	71%	11%	1%
April 13	382	14%	72%	12%	2%
Oct 13	353	12%	74%	13%	1%
March 14	462	18%	70%	11%	1%
Oct 14	328	18%	69%	12%	1%

Gold Flag – Excellent Provider

Green Flag – Performing to Standard

Amber Flag – Some areas of improvement required

Red Flag – Failing to perform

4.3. There are four contracts where the suppliers are performing to an unsatisfactory level and remedial action is taken place (see appendix 3 - exempt). Contract Managers inform providers of their red status as they seek improvements / remedies.

5. **Reasons for recommendations**

5.1. To satisfy the Governance and Audit and Standards Committee reporting requirements.

6. **Equality impact assessment (EIA)**

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

7. **City Solicitor's Comments**

7.1. The comments of the City Solicitor are contained within the body of this report. It is within the powers of the Governance and Audit and Standards Committee under Part 2 section 2 of the Constitution to approve these recommendations.

8. Head of finance's comments

8.1. 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.

.....
Signed by:

Appendices:

- Appendix 1 - Year to Date Performance
- Appendix 2 - Conformance required Improvement (Exempt)
- Appendix 3 - Contract Performance (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
Contracts on the Contracts Register	Intend System
Payments to Contractors	Oracle System

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by on

.....
Signed by:

Service	Total Year to Date			October 2014		
	Total Non Conforming Value	Total Transaction Value	% Non Compliant	Total Non Conforming Value	Total Transaction Value	% Non Compliant
Chief Executive Service	70,292.70	272,230.17	26%	£6,340.70	£17,864.15	35%
Corporate Assets, Business & Standards	403,606.86	1,380,633.74	29%	£12,871.17	£105,916.81	12%
HR, Legal and Performance Improvement	304,544.39	3,309,343.69	9%	£77,708.55	£443,423.72	18%
Health Safety and Licensing	57,916.21	1,121,983.20	5%	£14,580.00	£218,898.70	7%
City Development and Culture Services	360,053.90	1,320,683.13	27%	£29,209.69	£133,909.32	22%
Customer Community and Democratic Services	267,182.14	560,042.18	48%	£80,867.09	£132,306.98	61%
Education & Strategic Commissioning	36,101.19	6,557,734.91	1%	£824.00	£783,748.91	0%
Financial Services	136,876.24	7,718,087.96	2%	£35,992.72	£766,382.69	5%
Information Services	323,488.77	2,431,188.94	13%	£18,800.20	£195,372.54	10%
Housing & Property Services	1,181,933.99	35,865,066.19	3%	£200,992.69	£4,906,594.00	4%
Port	38,819.77	1,865,799.29	0%	£5,000.00	£127,471.38	4%
Revenues and Benefits	11,000.00	112,868.44	10%	£0.00	£8,512.42	0%
Childrens Social Care & Safeguarding	80,667.25	3,721,543.40	2%	£5,538.49	£762,211.23	1%
Adult Social Care	71,838.70	3,616,537.67	2%	£2,679.79	£258,968.28	1%
Swift Interface	0.00	24,385,295.29	0%	£0.00	£2,952,336.45	0%
Transport and Environment	547,543.55	23,042,632.77	2%	£20,876.03	£2,100,820.30	1%
Other (Insurance Accounts)	63,217.56	174,817.25	36%	£0.00	£34,833.33	0%
Agency Staff	10,880.00	17,882.92	61%	£0.00	£0.00	0%
Public Health	0.00	0.00	0%	£0.00	£2,016,741.30	0%
Grand Total	£3,965,963.22	£ 117,474,371.14	3%	£512,281.12	£15,966,312.51	3%

