

Procurement Update

OSC Committee Meeting 30th Nov 2017
Head of Procurement - Paul Meigh

Governance – why we have procurement rules

- Required to be part of our constitution and are Contained in Part 4J – Code of Procurement Governance.
- Compliance to the Public Contracts Regulations 2015 and EU Treaty Principles on transparency and non discrimination.
- To ensure Compliance with applicable legislation for example:
 - Best Value duty under the Section 3 of the Local Government Act 1999.
 - Section 17 of the Local Government Act 1988.
 - Ensures good and consistent practice across the Council.

Scope of the Rules

- The rules apply to the conduct of procurements and award of contracts in relation to goods, works and services.
- The rules do not apply to the following:
 - Delegation of functions to other Councils.
 - Partnering arrangements where the Council is not the lead authority and the procurement rules of the lead authority apply.
 - Employment contracts.
 - Grants to organisations where services are provided to the community as opposed to services provided on behalf of the Council.
 - Contracts for the sale of land (pure sale of land) are governed by Asset Management Financial Procedure 9.

Procurement Procedure Rules - Quick Guide (PT70)

Step 1

FOR ALL PROCUREMENTS

You must use existing Corporate Contracts set up by the Council and available on the intranet under Procurement and in-house services (Print, Archaeology and ICT). If there is no existing contract you should check if a “framework” contract exists for that service via the “Procurement Hub” <http://contracts.eelga.gov.uk/>. Only after those two routes have been explored should you follow the rules and methods detailed in Step 2 below. Contact Procurement /Legal Teams if you need help or if it’s High Value.

Step 2

Up to £2,000

For contracts valued up to £2,000 the principles of best value apply and should be documented. Wherever possible obtain at least two competitive quotations.



£2001 - £20,000

QUOTATION

A minimum of three written quotations using the simplest of quotation documents. If the spec is more complicated/critical, you should use a higher value form.



Request for Quotation- Low Value (PT54)

£20,001 - £59,999

QUOTATION

At least three suppliers should be invited; five or more is best practice. It should be a “sealed bid” If the spec is simple use a lower value form.



Request for Quotation (PT38)

£60,000 - OJEU Threshold Supplies / Services £164,176

A formal Open tender with advertisement which allows anyone to bid for the goods works and services. Works above £164,176 you can run a restricted process



Tender Open below OJEU - No PQQ (PT66)

OJEU Threshold

Works £4,104,394, Supplies & Services £164,176, Health & Social Care £589,148

Above EU threshold you must advertise in OJEU. CBC mainly use the Restricted or Open procedures. There are other procedures available, Always consult the Procurement team for advice.



Tender Open OJEU (PT39)
Pre Qualification (PQQ) & Selection Questionnaire (PT17)
Tender Restricted OJEU (PT46)

For Detailed Instructions see The Interactive Procurement Toolkit. Procurement above £20k must use the Council’s electronic tender process (In-Tend)

Procurement Planning

- Start planning procurements early – there are potentially significant financial consequences of not complying with the Public Contracts Regulations 2015 (PCR 2015).
- Obtain benchmarking data and consider engaging with the market (PCR 2015 endorse this).
- Consider which route to market and what process meets your requirements.
- Identify, consider and take steps to mitigate risk.
- Involve legal, procurement and finance as early as possible.
- Engage with OSC and Executive Committees as appropriate.

Procurement Considerations & Contract Management

Consider: Producing a Business Case for the requirement; The total value of the Procurement; If TUPE applies See interactive toolkit for guidance see link below Contact Procurement /Legal Teams if you need help

Approval to Incur Expenditure

Managers must not commit expenditure until they are certain that sufficient budgets have been approved in compliance with the Council's Constitution (see below for link to Constitution). It is important to engage with your Finance support at the earliest opportunity to identify the costs and benefits of the procurement and to confirm the relevant route for approval of any subsequent expenditure. <http://www.centralbedfordshire.gov.uk/modgov/ecSDDisplay.aspx?name=Constitution&clean=1>

Project Start up Docs

- Quotation & Tender Date Calc PT69
- Project Start doc (PT57)
- Advert Expression of Interest (PT22)

Terms and Conditions

- CBC Minor T&C's (PT18)
- CBC Major T&C's (PT19)
- CBC Consultancy T&C's PT20

Awarding The Contract

- Contract Agreement (PT41) Contract Signing (PT47)
- Savings Form (PT56) Successful Letter non OJEU (PT32)
- Unsuccessful Letter non OJEU (PT31)

Contracts Over £5,000 must be placed on the Council's Contracts Register.

Contract Administration

The procurement/commissioning cycle does not end at order placement. Contract management is a key element. You should have a copy of the contract and regularly monitor :

- | | |
|--------------------------|--------------------------------|
| • KPI's | Contract Performance |
| • Costs | Outcomes & Benefits |
| • Systems for monitoring | Recording Issues & Resolutions |
| • Managing payments | Tracking Benefits |

Supplier Relationship Management

Annual efficiency and improvement reviews must be undertaken which monitor and report on progress against the contract. Reviews should look at performance, price, quality, delivery and any possible efficiency savings by using these documents. You should also record the final outcome/performance using Contract Completion form PT62.

Contract Efficiency Review Letter (PT55)

Efficiency Monitoring form (PT55)

Contract Completion Report (PT62)

NEED MORE HELP? For further guidance see interactive procurement toolkit

<http://intranet.centralbedfordshire.gov.uk/directorates-service-areas/improvement-corporate-services/procurement/toolkit.aspx> or contact the Procurement Team on: procurement@centralbedfordshire.gov.uk

Procurement Process (1)

- Creation of the procurement pack includes the entire process prior to publication.
 - Scope of procurement
 - Documentation includes: Standard Selection Questionnaire (SSQ), Invitation to Tender (ITT), scope of work, timeframe, pricing, KPIs, Ts&Cs, quality questions, selection criteria i.e. quality v price, scoring methodology and other relevant documentation.
- Preparation importance and timeframe.
- Managing the procurement process from publication and addressing clarifications.
 - Use of tender management system In-Tend.
 - All threshold procurements electronic.

Procurement Process (2)

- Evaluation of submissions (quality v financial considerations, evaluation team members & training, e.g. stakeholders can include tenants and members).
- Award approval required e.g. by Executive Committee.
- Award according to the evaluation outcome includes feedback on performance.
- Handling and advising on challenges both in formal and formal.

Decision making

- The award of all contracts must be properly authorised in line with the Constitution.
- Proper authorisation will depend on the circumstances of the procurement and the budget position.
- Officers at the Procurement planning stage should establish the correct authorisation.
 - Seek advice from Legal, Procurement and Finance

Waivers

- Waivers from CBC's procurement rules are **not** permissible for contracts valued above the EU threshold. The regulations provide for exceptions.
- Waivers from CBC's procurement rules will only be considered in a defined set of circumstances such as:
 - genuinely no competition
 - unforeseen emergency involving immediate risk to persons property or a serious disruption to Council Services
 - Extension to existing contract where changing supplier would cause disproportionate technical difficulties, diseconomies of scale or significant disruption to Council services
- Starting planning procurement late is **NOT** a ground for a waiver.

Statistical Information (1)

Procurement Performance Metrics – Extract from the MiH Scorecard (Oct 17)

☰	Percentage of PO's raised after invoice date	Monthly	12.0 %	Sep 17	↑	★
☰	% of procurement activity in line with the corporate pipeline (overall)	Quarterly	78 %	Sep 17	↓	●
☰	Greatest variance in accuracy of pipeline projection of procurement activity	Quarterly	0 %	Sep 17	↑	■
☰	Value of Waivers Approved per Month	Monthly	£203,134	Sep 17	↑	★
☰	Percentage spend on contract	Monthly	94 %	Sep 17	↓	★

Statistical Information (2)

2016/17 Procurement Projects Undertaken by Directorate, Value and Number

Directorate	Value	Number
Chief Executive's Team	£799,321	5
Children's Services	£4,125,624	2
Community Services	£6,175,213	54
Public Health	£54,297	2
Regeneration	£6,507,854	16
Resources	£270,750	4
Social Care, Health & Housing	£47,585,157	25
Grand Total	£65,518,216	108

(Figs include Hub Projects, value is total contract value)

Transparency

- Required to publish statistics on payments to contractors: - the percentage of contractors paid within 30 days and interest payable on late payments.

Mandatory publications

- Spend above £500
- High level details of invitation to tenders and contracts above £5k. For example, contractor, price and duration of contract.

Discretionary publications

- Entire contracts above £5k, invitation to tenders above £500 and advertise contracts above £10k, spend above £250

The importance of compliance

- Mitigate commercial and legal risk.
- Awarding a contract outside the Procurement Rules would be unauthorised and may mean the contract is void, result in large fines being paid by CBC as well as having to pay damages to contractors who have suffered loss.
- Contract documents and associated documents are subject to audit or freedom of information requests.
- Use of the Council's Procurement Pipeline enables the Council to properly plan resources and consider opportunities across the Council.
- Achieve consistency across the Council.