



2019/20

**Third Quarter
Procurement
Review**

1. Introduction

- 1.1 A key element of the financial savings included in the Council's Efficiency & Rationalisation Strategy is being met from Procurement activity which was agreed by Full Council in February 2017.
- 1.2 The current Procurement Strategy was developed to ensure that its objectives link closely with the Council's overall strategic vision and aims and objectives. The key actions in in the strategy were:
 - Delivery of cashable efficiency savings to support the Efficiency & Rationalisation Strategy by tendering, retendering and renegotiating of contracts.
 - Development and embedding a professional procurement unit of excellence to deliver on going efficiency savings for the Councils
 - Revising Procurement Procedure Rules to support transparency, timeliness of contract award and greater control – these have now been updated
 - Expanding the usage of electronic procurement systems for works as appropriate
 - Increasing the levels of spend covered by the contract
 - Implementation of e-tendering
 - Supporting the local economy by increasing the number of procurement opportunities advertised and adoption of a local business concordat
- 1.4 The Procurement Strategy is now due for updating and is scheduled for presentation during 2020.

2. Third Quarter Completed Procurements

2.1 The activity supported by the procurement function during the third quarter October – December 2019 is summarised below:

Third Quarter	High Value (> £181,000)	Low Value (< £181,000)	Total
SMDC Only	-	5	5
JOINT (SM/HP)	-	4	4
	-	9	9

2.2 Annex A provides details of the 9 procurements exercises reviewed and completed during quarter three.

2.3 Procurement savings will continue to be monitored throughout the year and any savings identified will be offset against the efficiency programme.

3. 2019/20 Procurement Forward Plan

3.1 The table below details the number of exercises which fall into either low or high value (profiled over full contract term) scheduled for completion or starting in 2019/20.

2019/20 Activity	High Value (> £181,000k)	Low Value (< £181,000k)	Total
SMDC	2	12	14
JOINT (SM/HP)	5	25	30
	7	37	44

3.2 It should be noted that some of these contracts are at initial term expiry but have provision for permitted extensions and therefore may not be subject to re-tender in 19/20.

3.3 In addition to the above, there are 98 listed entries brought forward from previous years (for review and completion for both HPBC and SMDC combined).

3.4 Some of the more significant 'high level' procurement activity that is scheduled for delivery by the end of 2019/20 includes:

- Leek Markets Logistic Support (Market stalls)
- IT Desktop Support Contract
- Arboricultural Works Framework

4. Procurement Performance

- 4.1 This section reports on the Council performance in terms of procurement activity and the payment of suppliers.
- 4.2 Performance for the second quarter is highlighted below:

Performance Indicator	Target	Performance at 31 st Dec 2019
% of Alliance Procurement Activity on Forward Plan	72%	63%
Annual contract spend as % of gross expenditure budget	89%	84%
% of invoices paid within 30 days	96%	97%

Performance Indicators – targets off track

4.3 Percentage of Alliance Procurement Activity on Forward Plan

During third quarter, Procurement undertook review meetings with Service areas to populate the forward plan for the remainder 19/20 and plan for 20/21. It is anticipated that the outcome of these reviews will result in performance improvement to achieve target by the end of the fourth quarter.

It should be noted that reactive and urgent procurements cannot be eliminated, but we endeavour to achieve good communication with Service areas to inform us of planned activity that they have include in their service delivery programmes.

4.4 Annual contract spend as % of gross expenditure budget

Procurement continue to progress the procurement forward plan to achieve higher proportions of contracted supply, service and works arrangements which has improved in quarter three as contracts procured earlier in the year start and we should see further improvement in the fourth quarter to achieve target by end of this financial year.

5. Revised EU Threshold Changes

- 5.1 Official Journal of the European Union (OJEU) thresholds indicate at what value a Public Contract for supplies, services or works must be advertised. It is mandatory for public sector contracting authorities to adhere to these regulations.
- 5.2 The European Commission published the updated procurement thresholds for 2020 and 2021 in January 2020. The new procurement threshold values will apply to contracts advertised on and after 1st January 2020.
- 5.3 The revised thresholds below are exclusive of VAT and relate to the full life of the Contract:

PUBLIC CONTRACTS – 2020 / 2021	£
Works Contracts	4,733,252
Small Lots	884,720
Supply, Services and Design Contracts	189,330
Small Lots	70,778
Social and other specific Services	663,540
Light Touch Regime	
Concession Contracts	4,733,252

- 5.4 There is still much uncertainty about what will happen next with a confirmed Brexit delay until 31st January 2020. For now we remain as part of European Union and therefore the Council is subject to adherence to the above thresholds for contracting.
- 5.5 The Council's Procurement Procedure Rules for Authorisation to procure and award contracts are requested to be updated to reflect the changes in the new thresholds. For procurements which commence after 1st January 2020 the revised thresholds as detailed in Annex C (see below table) of the Procurement Procedure Rules will apply:

SUMMARY OF AUTHORITY TO PROCURE AND AWARD THRESHOLDS

Award and Exemptions Authorisation Limits:

Total Contract Value (£)	Authorisation	Authorisation By
<25,000	Head of Service / Executive Director	Procurement Web-form
>25,000 - <189,330 (EU Service Threshold)	Executive Director / Chief Executive	Procurement Web-form
>189,330 (EU Service Threshold) - <1,000,000	Delegated Member Decision	Delegated Member Report (Portfolio Holder for Procurement and the relevant service area)
>1,000,000*	Cabinet SMDC	Committee Report

* Committee reports may be presented where the total contract value is less than £1,000,000 - where considered appropriate due to the nature of the procurement or where it relates to a key decision

ANNEX A**Third Quarter Procurement Activity Completed - SMDC**

Contract Title	Brief contract description	Recurring or One Off	Service Area	Procedure	Award Detail	Term / Duration	Total Contract Value £
Smithfield Centre Leek Public Conveniences Refurbishment	Refurbishment of Smithfield Public Conveniences	One Off	Assets	Open Tender	Roy Wright & Co Ltd	12 wks	89,492
Restoration of Funerary Monuments Works Contractor	Contractor appointment through the Consultants Smith and Roper for the completion of works at various sites	One Off	Regeneration	Contract Variation	Paul Beardmore	4 months	16,178
SMDC Green Infrastructure Delivery Plan	Specialist external Advice to support SMDC Green Infrastructure Delivery Plan	One Off	Regeneration	Single Source	Staffordshire Wildlife Trust	12 months	15,000
Biddulph - Physical Outreach programmes	Supporting physical activity strategy - project Biddulph	Recurring	Service Commissioning	Single Source	Biddulph Youth and Community Zone (BYCZ)	12 months	9,989
Replacement fencing Biddulph Grange	Replacement section of boundary fencing at Biddulph Grange Country Park	One Off	Service Commissioning	Request for Quotations (RFQ)	A & R Fencing Contractors Ltd	12 wks	6,950

Third Quarter Procurement Activity Completed – JOINT (HPBC & SMDC)

Contract Title	Brief contract description	Recurring or One Off	Service Area	Procedure	Award Detail	Term / Duration	Total Contract Value £
Boundary Wall Repairs Works Closed Churchyards (High Peak & Staffordshire Moorlands)	Minor Works Contract Various Boundary Wall repair works at Closed Churchyards in both areas	One Off	Assets	Open Tender	Alliance Group Solutions	12 months	176,583
IT Software System Purchase Corporate Asset and Information Management System (CAIMS)	Purchase of a Web based Asset management system for Public Buildings across the Alliance Implementation, Annual Licence and Hosting	Recurring	Transformation	Framework Further Competition Crown Commercial G Cloud Framework	Concerto Support Services Ltd	3 yrs	£59,600 (50% per Authority)
Play Area surfacing repairs Green Lane Buxton and Westwood Rec Leek	Repair of worn and damaged 'Wetpour' resurfacing works at Green Lane Buxton and Westwood Recreational Ground Leek	One Off	Service Commissioning	Request for Quotations (RFQ)	Soft Surfaces Ltd	4 wks	6,970
Grounds Equipment - Weed and Moss Removal Machines	Replacement equipment for Streets Weed Control	One Off	Direct Services Grounds Maintenance	Request for Quotations (RFQ)	Spa Power Machinery	Supply Only	5,097