
PROCUREMENT PLAN - UPDATE

Responsible Cabinet Member – Councillor McEwan, Efficiency and Resources Portfolio

Responsible Director – Paul Wildsmith, Director Corporate Services

SUMMARY REPORT

Purpose of the Report

1. The purpose of this report is to present to Cabinet an update to the Annual Procurement Plan for approval.

Summary

2. Under the Contract Procedure Rules one of the responsibilities for Cabinet is to agree the Procurement Annual Plan that will identify the route that contracts will take i.e. Cabinet decisions for all strategic procurement activity and officer decisions for routine procurement.
3. A set of criteria has been developed to assist in determining whether a contract would be deemed strategic or non-strategic. The criteria are based on value and significance with each category being scored between 1 (low significance) and 5 (high significance). Any contract with a value in excess of £5,000,000 is automatically deemed strategic. If the value of the contract falls below £5,000,000 but scores 15 or more on significance then that is also considered strategic. However Members and Officers may decide to recommend other than what the score suggests.
4. The Annual Procurement Plan was presented to Cabinet on 4th May; this covered the contracts that officers were aware of at the time of writing the report. The contracts included in this report have come to light since the production of the previous report. They have been assessed against an agreed set of criteria to determine whether they are strategic or non-strategic (see **Appendix 1**).

Recommendation

5. It is recommended that Members approve the assessment of strategic and non-strategic contracts as presented in **Appendix 1** and that:
 - (a) the procurement strategies for those contracts designated as strategic, with the exception of the Gas Supply Contract, be brought to Cabinet for approval in advance of the tenders being issued and that the contract award decision be made by Cabinet.

- (b) the contract award decisions for the contracts designated as non-strategic be delegated to the appropriate Director as listed in the plan at **Appendix 1**.

Reasons

- 6. The recommendations are supported as the Contract Procedure Rules require Cabinet to approve the designation of contracts as strategic and non-strategic and:
 - (a) The contracts designated strategic are of high value and high significance in respect of the impact on residents, Health & Safety and public safety.
 - (b) The contracts designated non-strategic are of a lower value and lower significance in respect of the impact on residents and public safety.

**Paul Wildsmith,
Director of Corporate Services**

Background Papers

No Background papers were used in the preparation of this report.

Susan White: Extension 2019

S17 Crime and Disorder	This decision will not have an impact on Crime and Disorder
Health and Well Being	This decision will not have an impact on Health and Wellbeing
Sustainability	This decision will not have an impact on Sustainability.
Diversity	This decision will not have an impact on Diversity
Wards Affected	This decision will not affect any wards
Groups Affected	This decision will not have an impact on any groups.
Budget and Policy Framework	This report does not recommend changes to the Budget and Policy Framework
Key Decision	Yes
Urgent Decision	No
One Darlington: Perfectly Placed	This decision will not have an impact on the objectives of the Sustainable Community Strategy
Efficiency	The production of the update to the Procurement Plan is designed to save member and officer time for requesting delegated powers to make contract award decisions.

MAIN REPORT

Information and Analysis

7. Any contract award decision with a value below £75,000 is delegated to officers. Under the Contract Procedure Rules an annual Procurement Plan is produced listing details of all existing and new contracts that are above £75,000 and which require a tender process.
8. The Contract Procedure Rules state that if a contract has not been included on the Annual Procurement Plan a separate report must be taken to Cabinet to determine if it is deemed strategic or non-strategic.
9. For those contracts designated strategic, a procurement strategy must be produced, the implementation of which would be monitored by Resources Scrutiny. The final contract award decision will be a Cabinet decision. As set out in the Contract Procedure Rules the contract award decision for those contracts not considered strategic will be through delegation to officers.

Assessment of contracts

10. The contracts have been assessed against the criteria agreed by Cabinet, the criteria are provided at **Appendix 2** for information. Details of which contracts are designated strategic and which are designated non-strategic are detailed in **Appendix 1**. However Members and Officers may decide to recommend other than what the score suggests. Anything else would be considered non-strategic.
11. Based on the criteria there are two contracts that are designated strategic: -
 - (a) The first relates to the appointment of a gas supplier for the 12 regional authorities, this is a collaborative contract and carried out on behalf of the NE authorities by the North East Purchasing Organisation (NEPO). Any contracts tendered by NEPO on behalf of its member's are taken to the member Joint Committee for contract award; NEPO is a Joint Committee of the authority and has representatives from each of the relevant authorities involved. The joint committee carries out Cabinet's executive functions on behalf of the authority in accordance with the joint arrangements. The use of NEPO accords with our Contract Procedure Rules. This means that although this is deemed strategic the decision on contract award will be taken by NEPO Joint Committee rather than Cabinet.
 - (b) The second relates to a further framework to support the work of Community Services. Previously they used an approved list of contractors to fulfil work commitments in relation to Repairs and Maintenance to Councils properties and other specialist work when there is a skills gap or to meet peaks in workload. The spend attributed to this work exceeds the OJEU threshold for works (currently £3,927,260), which requires the Council to carry out a procurement exercise that meets the requirements of the Public Procurement Regulations 2006. In order to allow Community Services as much flexibility when awarding work a Framework Contract is deemed the most appropriate arrangement. A further report detailing the procurement strategy will be brought to Cabinet in due course.

Outcome of Consultation

12. No consultation was carried out in preparation of this report..