
PROCUREMENT PLAN UPDATE

**Responsible Cabinet Member Councillor Stephen Harker
Efficiency and Resources Portfolio**

Responsible Director - Paul Wildsmith, Director of Resources

SUMMARY REPORT

Purpose of the Report

1. A full report on the annual Procurement Plan was previously taken to Cabinet in April this year. The purpose of this report is to present and update of the Procurement Plan and for Cabinet to consider and approve. In addition Cabinet is asked to consider and approve the award of the energy contract.

Summary

2. Under the Contract Procedure Rules one of the responsibilities for Cabinet is to agree the Procurement Plan that will identify the route that contracts will take, that is 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 is deemed strategic or non-strategic. The criteria is 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. This report covers new contracts and the contracts that officers are aware will terminate in the next 12 months and need to be tendered through open competition. They have been assessed against an agreed set of criteria to determine whether they are strategic or non-strategic (see **Appendix 1**).
5. The energy contract is currently up for renewal at the end of March 2014. The supply of electricity has previously been considered by Cabinet to be a strategic procurement. The current contract is provided by a single supplier framework which was facilitated through the North East Procurement Organisation (NEPO). A further procurement exercise has now been undertaken by NEPO and the successful

supplier is N.Power. Arrangements will be moving forward in the forthcoming weeks to complete the new contract. The Term will be for 3 years with an option to renew for a further 2 years

Recommendation

6. 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 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.
 - (c) Cabinet note the work undertaken by NEPO with regard to the energy contract and authorise the award of the contract to N.Power under the framework that has been procured via NEPO.
 - (d) Authorise the Assistant Director (Resources) to complete all of the necessary agreements and documentation to enter into the new Energy Contract.

Reasons

7. The recommendations are supported by the following reasons:
 - (a) The Contract Procedure Rules require Cabinet to approve the designation of contracts as strategic and non-strategic and:
 - (b) The contracts designated strategic are of high value and high significance in respect of the impact on residents, Health & Safety and public safety.
 - (c) The contracts designated non-strategic are of a lower value and lower significance in respect of the impact on residents and public safety
 - (d) Approval of the new energy contract will allow for arrangements to be put in place for the continued supply of electricity at competitively procured rates after the current contract expires in March 2014

**Paul Wildsmith
Director of Resources**

Background Papers

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

Luke Swinhoe: Extension 2055

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
Carbon Impact	This decision will not have a direct impact on the Council's carbon footprint.
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

8. 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.
9. 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.
10. For those contracts designated strategic, a procurement strategy must be produced and presented to Cabinet. 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

11. 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.
12. Based on the criteria there are four contracts that are designated strategic: -
 - (a) **Framework Agreement for Provision of Works for Contractors** – There is currently a Council procured framework in place which is due to terminate on the 4th July 2014. It is proposed to re-procure the framework.
 - (b) **Framework Agreement for Highways Surfacing** - It is the intention of the Council to re-procure the framework. There is currently a Council procured framework in place which is due to terminate on the 31st August 2014. It is proposed to re-procure the framework.
 - (c) **Energy Contract** – This is currently provided by N.Power under a single supplier framework and runs out at the end of March 2014. NEPO have carried out a procurement exercise and the intention is for contracts to be awarded to the successful supplier by participating authorities in the next few weeks.
 - (d) **Highway works** – remedial works are required to deal with a landslip that was identified in February 2013, adjacent to the A67 highway between High Coniscliffe and Piecebridge. This will either be by open procurement or via a framework if a specialist framework can be identified.

Outcome of Consultation

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