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**PROCUREMENT ANNUAL PLAN**

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**Responsible Cabinet Member – Councillor Stephen Harker,  
Efficiency & Resources Portfolio**

**Responsible Director – Paul Wildsmith, Director Corporate Services**

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**SUMMARY REPORT**

**Purpose of the Report**

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

**Summary**

2. Under the Contract Procedure Rules an Annual Procurement Plan is prepared to allow Cabinet to decide which contracts for the forthcoming year will be delegated to officers for award and which are deemed to be Strategic and therefore subject to a formal procurement plan approved by Cabinet. It is proposed that a revised plan will be referred later in the year to include contracts which are not yet known about.
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. Officers were asked to provide information about all contracts with a value in excess of £75,000 that are to be tendered in the next 12 to 18 months. These contracts 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 :-
  - (a) Members approve the assessment of strategic and non-strategic contracts as presented in **Appendix 1** and that:
    - (i) 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.

- (ii) the contract award decisions for the remainder of the contracts in **Appendix 1** be delegated to the relevant officers as set out in the Annual Procurement Plan;

### **Reasons**

6. 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:
  - (i) The contracts designated strategic are of high value and high significance in respect of the impact on residents, Health & Safety and public safety.
  - (ii) 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	No
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 Procurement Annual 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. It details the existing contracts that are due to expire in the next 12 months as well as any new contracts we know are going to be tendered in the same time period.
8. The purpose of this plan is for members to decide, in advance based on pre-determined criteria, the route contracts will take: Cabinet decisions for all strategic procurement exercises or officer decisions for routine procurement. 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

9. 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.
10. Based on the criteria there are two contracts that are designated strategic. The first relates to a number of bus routes that have not been awarded under the recent tender process, the second is for two new bus routes not previously tendered. These contracts are the subject of a separate Cabinet report.
11. Contracts are generally let with the option to extend on the same terms and conditions subject to continued good performance of the contract. It is the intention to take up the option to extend on a number of contracts, the details of which are listed in **Appendix 3**.

### Outcome of Consultation

12. Consultation was undertaken with Departments on the contracts to be included on the Procurement Annual Plan.

ASSESSMENT MATRIX FOR STRATEGIC PROCUREMENT					
VALUE		SIGNIFICANCE			
Cost		Impact on Residents (1)	Risk - Financial, Health & Safety, Public (2)	Innovative in design, New form of contract, Sustainability (3)	External Monitoring e.g. from funding body (4)
=> £5,000,000	Automatically considered strategic				
Between £4,000,000 & £4,999,999	5	5	5	5	5
Between £3,000,000 & £3,999,999	4	4	4	4	4
Between £2,000,000 & £2,999,999	3	3	3	3	3
Between £1,000,000 & £1,999,999	2	2	2	2	2
Less than £1,000,000	1	1	1	1	1
Score	0	0	0	0	0
<b>Total Score</b>	<b>0</b>	<b>This procurement is</b>		<b>Non-Strategic</b>	

Each procurement must be reviewed against the matrix above. Any contract with an overall value in excess of £5,000,000 will be considered strategic. For any procurement where the value of the contract falls below £5,000,000 the goods or services to be purchased must be assessed on the value and the significance in relation to the other 4 columns and marked accordingly, where 5 is considered to be high significance and 1 low significance. Once a score has been decided for each column it is put in the relevant cell (c17 - K17) the spreadsheet automatically collates the score and determines if the procurement is strategic or non-strategic. Anything that scores more than 15 is considered to be strategic. If however a procurement comes out as non-strategic but officers feel they would still want political support for the decision they can choose to take a report to Cabinet.

Note 1: What is the impact on residents? Is it restricted to one street, or estate or is it much wider than that? Does it affect 2 or more wards?

Note 2: Is there significant financial risk to the authority? Is there a H&S risk e.g. care for vulnerable people? Is there a risk to the public? Reputational risk?

Note 3: Is the authority familiar with the form of contract being entered into? Is the contract innovative in its delivery? Are we changing the service?

Note 4: Are there any specific requirements from external funders that represent a risk to the authority e.g. Pathfinder projects for DFES?

<b>Contract Extensions</b>			<b>Annual Value</b>	<b>Contract Value</b>	<b>Delegated Officer</b>
The Carr Gomm Society Ltd	Domestic Violence	15-Jul-09	£76,225	£152,450	Cliff Brown
Barnados	Care Leavers	31-May-09	£51,488	£102,976	Cliff Brown