

**CABINET**  
**14 JULY 2020**

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**ANNUAL PROCUREMENT PLAN**

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**Responsible Cabinet Member – Councillor Charles Johnson**  
**Efficiency and Resources Portfolio**

**Responsible Officer – Paul Wildsmith**  
**Managing Director**

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**SUMMARY REPORT**

**Purpose of the Report**

1. To present the Annual Procurement Plan to Cabinet for approval. Cabinet are asked to consider and approve the assessment of contracts that are considered to be strategic or non-strategic.
2. To update Cabinet on the outcomes of procurement(s) previously designated as Strategic.
3. To update Cabinet about the decisions taken by the Procurement Board to waive the Contract Procedure Rules.
4. To provide an update to members on Savings and Social Value measures achieved in the previous financial year.

**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) further reports/ updates on the procurement process for those contracts designated as strategic (including decisions made by the Procurement Board) be brought to Cabinet.
    - (ii) 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.
    - (iii) the contract award decisions for the contracts designated as strategic, as listed in the plan at Appendix 1, be delegated to the Procurement Board to approve and will be reported back to Cabinet.
  - (b) that Members note the contents of this report in respect of the update of strategic procurements, Procurement Board waiver decisions, Savings Register and Social Value Register for 2019/20.

## **Reasons**

6. In respect of strategic/non-strategic contracts, 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) 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.
7. In respect of Procurement Board waiver decisions, the recommendations are supported by the following reasons: -
  - (a) In order to comply with the Contract Procedure Rules.
  - (b) To provide Cabinet with information about the decisions made by the Procurement Board.
  - (c) To supplement the reports that are taken to Cabinet about proposed spend over £100,000, that are set out in the Annual Procurement Plan and the in year update to that report.

**Paul Wildsmith**  
**Managing Director**

## **Background Papers**

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

Sarah Hutchinson: Extension 5489

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| 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 and Climate Change                 | 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. |
| Impact on Looked After Children and Care Leavers | This report has no impact on Looked After Children or Care Leavers   |

## MAIN REPORT

### Information and Analysis

#### Strategic Contracts

8. Any contract award decision with a value below £100,000 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 £100,000 or above and which require a tender process.
9. This then allows Cabinet to be advised of the contracts of £100,000 and over and to decide which of those contracts are strategic.
10. For those contracts designated strategic the final contract award decision will be approved by the Procurement Board and will be reported to Cabinet.

#### Assessment of contracts

11. Details of which contracts are designated strategic and which are designated non-strategic are detailed in Appendix 1. The contracts have been assessed against the criteria agreed by Cabinet, the criteria are provided at **Appendix 2** for information. 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 three contracts that are designated strategic in the update to the Annual Plan;
  - (a) **Business Growth Hub 2** – a separate report will be brought to Cabinet with fuller detail including third party funding terms. This contract is for the appointment of an operator to run the hub on a leaseholder arrangement for a 20 year period. It is contingent on further cabinet approval to expenditure and the award of the build contract. The same delivery model will be used as Business Growth Hub 1 which was successfully delivered in 2015 passed funding audit and is now at capacity.
  - (b) **Business Growth Hub 2** – construction contract. It is proposed to deliver this on a design and build contract on the Scape framework.
  - (c) **Multi Storey – Bank Top** - a separate report will be brought to Cabinet with fuller detail including third party funding terms. This contract is for a design and build contract. It is contingent on further cabinet approval and written approval from TVCA as funder under the terms of the rail improvements report brought to Cabinet in January 2020.

### **Update on Procurements previously designated as Strategic**

13. Children's Residential Care Homes framework for residential care services for looked after children – awarded March 2020. Currently being opened to enable new entrants of childrens residential care services to be vetted and added to the framework.
14. Darlington Substance Misuse Treatment and Recovery Service - Darlington Service to meet Statutory responsibilities of the Public Health function for drug and alcohol support services – Awarded to Addactions 13 February 2020
15. Flexible Free Entitlement (FFE) and early education - block contract awarded to all providers on tariff rate for 15/ 30 hours early years entitlement- Awarded to all providers on the basis of the DFE grant funding terms.
16. Implementation of a Dynamic Purchasing System for Contracting Works - general construction with lots on most required disciplines - awarded March 2020. Currently being opened to enable new entrants to be vetted and added to the framework.
17. Transport Home to School DPS - framework contract for home to school transport across a number of lots including buses taxis etc. The framework has been functioning effectively and was extended on its terms as set out in the Annual Plan report.

### **Procurement Board waiver decisions**

18. Under the Contract Procedure Rules, the Procurement Board may waive the Contract Procedure Rules in specific circumstances and is required to report waiver decisions that have been made to Cabinet.
19. The Contract Procedure Rules can only be waived as an exception. The Contract Procedure Rules require the Procurement Board when considering requests for

waivers to take into account the following:

- (a) The contract value and the length of the proposed contract.
  - (b) What steps have been taken to satisfy that the best value duty has been complied with (for instance quotations, market testing).
  - (c) The extent to which there are good reasons why it is not possible to undergo a competitive process (for instance, pressing need or urgency, where further work is required before going to market, where only a short contract extension is needed, or the lack of an available market).
  - (d) Whether the new contract is intended to be a stop gap prior to undergoing a competitive process.
  - (e) The availability of compliant alternatives to direct awards, such as frameworks.
  - (f) Any other reason that is being given by the commissioning area.
20. This report details the circumstances and the reasons why the contract procedure rules have been waived by Procurement Board at **Appendix 3**, during the period to end May 2020.

### **General Update / Savings Register and Social Value Register**

21. The Corporate Procurement Unit keep a simple log of the outcomes of formal procurement activity in tenders over £100K to learn from previous activity and monitor outcomes.
22. Procurement Activity during the last completed financial year of 2019/20 contributed to measured contract savings against budget/expected costs of £1.04m. See **Fig 1** below.
23. Quantitative social value measures were introduced into Darlington Procurement processes during the financial year 2019/20 based on the Local Government Association Terms of Measurement (LGA TOMS). Procurement Activity during the last completed financial year of 2019/20 generated measured Social Value benefits measured on the LGA TOMs of £1.89m. See **Fig 2** below.

### **Outcome of Consultation**

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

Fig 1 Savings Register 2019/20

Fig 1 Savings from procurement activity

| Financial Year Achieved | Total Saving over all years |
|-------------------------|-----------------------------|
| 2014/2015               | £ 1,482,330.37              |
| 2015/2016               | £ 1,524,726.90              |
| 2016/2017               | £ 667,316.33                |
| 2017/2018               | £ 1,422,806.74              |
| 2018/2019               | £ 414,787.99                |
| 2019/2020               | £ 1,190,374.54              |
| 2020/2021               |                             |
| 2021/2022               | -                           |
| 2022/2023               | -                           |
| 2023/2024               | -                           |
| <b>Total</b>            | <b>£ 6,774,451.48</b>       |

| Group                                      | Department/Client  | Requirement  | Contract Start Date | Procedure           | Type of Saving - ie below budget or mean bid price less awarded | Total        |
|--|--------------------|--|---------------------|---------------------|---|--------------|
| <b>2019/2020</b>                           |                    |  |                     |                     |   |              |
| Economic Growth and Neighbourhood Services | Procurement        | LHC Rebate   | 03/10/2019          | Framework           | Rebate  | £ 4,311.77   |
| Economic Growth and Neighbourhood Services | Procurement        | NEPO Rebates   | 01/05/2019          | NEPO                | Rebate  | £ 99,526.28  |
| Economic Growth and Neighbourhood Services | Procurement        | NW   | 01/05/2019          |                     | Rebate  | £ 4,327.03   |
| Economic Growth and Neighbourhood Services | Procurement        | Removal, Design, Installation and Maintenance of Cremators   | 04/02/2020          | Tender              | Below Budget  | £ 80,261.00  |
| Economic Growth and Neighbourhood Services | Procurement        | Rise Carr Specialist Provision (SEMH) Extension – Timber Frame   | 05/02/2020          | Tender              | Below Budget  | £ 17,910.00  |
| Economic Growth and Neighbourhood Services | Building Services  | Lot 11 - PCC Floors Allington Way Phase 3  | 02/03/2020          | Further Competition | Below Budget  | £ 53,790.00  |
| Economic Growth and Neighbourhood Services | Leisure Services   | Refurbishment of the Soft Play Area  | 02/03/2020          | Tender              | Below Budget  | £ 26,658.00  |
| Economic Growth and Neighbourhood Services | Building Services  | Lot 3 - Electrical Works Allington Way Phase 3   | 08/10/2020          | Further Competition | Below Budget  | £ 70,474.90  |
| Economic Growth and Neighbourhood Services | Building Services  | Lot 7 - Landscaping at Allington Way Phase 3 New Build   | 01/11/2020          | Further Competition | Below Budget  | £ 8,779.55   |
| Economic Growth and Neighbourhood Services | Building Services  | Lot 14 - Pitched Roofing Allington Way Phase 3   | 02/11/2020          | Further Competition | Below Budget  | £ 37,573.66  |
| Economic Growth and Neighbourhood Services | Public Health      | STRIDE   | 01/11/2020          | Tender              | Below Budget  | £ 202,605.00 |
| Economic Growth and Neighbourhood Services | Building Services  | Lot 4 - Floor Screed Allington Way Phase 3 New Build Housing   | 04/05/2020          | Further Competition | Below Budget  | £ 54,873.16  |
| Resources                                  | Finance            | Insurance  |                     | Direct Award        | Below Budget  | £ 220,000.00 |
| Economic Growth and Neighbourhood Services | Capital Projects   | Design, Removal, Installation and Maintenance and associated equipment of the Cremators at West Cemetery | 01/01/2021          | Further Competition | Below Budget  | £ 3,261.00   |
| Children and Adults Services               |                    | Supply, install and maintain stair and through floor lifts in residents' premises                        | 01/08/2019          | Direct Award        | Historical Spend  | £ 12,469.00  |
| Children and Adults Services               |                    | Supply, install and maintain stair and through floor lifts in residents' premises                        | 01/08/2019          | Direct Award        | Historical Spend  | £ 125,336.26 |
| Economic Growth and Neighbourhood Services | Highways           | Red Hall SEN Building - Surfacing of New Play Area   | 04/05/2020          | Further Competition | Below Budget  | £ 5,155.54   |
| Economic Growth and Neighbourhood Services | Leisure Services   | Design, Installation and Maintenance of a Bowling Alley at Darlington Borough Council's Dolphin Centre   | 10/08/2020          | Tender              | Below Budget  | £ 677.26     |
| Economic Growth and Neighbourhood Services | Housing            | B & Q Vouchers - PFH Rebate 01.09.18 - 31.08.19  |                     | Framework           | Rebate  | £ 10,675.13  |
| Resources                                  | Corporate Landlord | Elec rebate  |                     |                     | Rebate  | £151,710     |

Fig 2 Social Value Update 2019/20

| SOCIAL VALUE PLEDGE REGISTER   |  |                             | Financial Year<br>19/20 | Financial Year<br>20/21 |
|--------------------------------|--|-----------------------------|-------------------------|-------------------------|
|                                |  |                             | £ 1,897,995.36          | £ 40,150.82             |
|                                |  |                             |                         |                         |
| Supplier                       | Contract   | Procurement Board<br>Number | Financial Year<br>19/20 | Financial Year<br>20/21 |
| Addaction                      | STRIDE   | P2019/1806/PE               | £ 1,670,204.15          |                         |
| Primary Health Care Darlington | NHS Managed Health checks  | P2018/1685/PE               | £ 140,087.00            |                         |
| Brambledown                    | Stockton and Darlington Trackbed<br>Improvements   | P2019/1913/EG               | £ 87,704.21             |                         |
| The Soft Brick Company         | Refurbishment of the Soft Play Area  | P2019/214/NE                |                         | £ 6,014.72              |
| QubicaAMF UK Limited           | Design, Installation and Maintenance of a<br>Bowling Alley at Darlington Borough<br>Council's Dolphin Centre | P2020/2161/NE               |                         | £ 1,293.60              |
| Jacobs                         | Bridge Inspections   | P2020/2191/EG               |                         | £ 32,842.50             |