

**Status of Report: Public**

**Meeting: Corporate Governance Committee**

**Date: 17 July 2019**

**Subject: Annual Procurement Report 2018/19**

**Report By: The Treasurer**

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**For: Information**

## **1. Purpose**

The purpose of this report is to inform the Corporate Governance Committee of procurement related activity and compliance for the financial year 2018/19.

## **2. Recommendations**

The Committee is asked to note the summary of procurement activity in 2018/19 as required by Rule 19.2 of the Contract Procedure Rules

## **3. Executive Summary**

3.1. Following joint work with the Head of Procurement at Leicester City Council an updated set of Contract Procedure Rules for inclusion in the Constitution was agreed by the Combined Fire Authority (CFA) at its meeting of 12 December 2018. This included a new requirement at Rule 19.2, for the Corporate Governance Committee to receive a report annually to include:

- EU contract procurement over the preceding 12 months;
- Compliance with these Rules, including a summary of waivers;
- Any changes to these Rules.

## **4. Background**

4.1. The Head of Procurement at Leicester City Council undertook a review of the CFA's procurement procedures and practice in 2017/18. This found that the Contract Procedure Rules were on the whole, being followed. There was a strong awareness of the main principles within the service but the depth of understanding of detailed procurement principles was varied and gave rise to minor areas of non-compliance with the rules.

- 4.2. A number of actions were initiated following the review, including:
- A revised set of Contract Procedure Rules and an updated Procurement Policy were developed and implemented
  - A number of training sessions to key procuring officers on the updated Contract Procedure Rules and practical procurement elements were held. This was led by the Head of Procurement at Leicester City Council.
  - An updated contracts register, that meets the requirements of the Transparency Code, was produced and published. The service now subscribes to the Blue Light Procurement Database where the contracts register is held and from which reports and alert notifications on forthcoming contract renewals are produced.
- 4.3. A further review of the Contract Procedure Rules in 2018/19 identified changes to the level of thresholds and a requirement to provide an annual report on procurement activity to the Corporate Governance Committee. This was agreed by the CFA at its meeting of 12 December 2018 as part of a review of the Constitution.
- 4.4. The contracts register identifies five procurements at the EU contract procurement level in 2018/19. The first is for the provision of gas supply to the estate and was undertaken by the Eastern Shires Purchasing Organisation (ESPO) on behalf of the CFA. The contract value is £68,579 per annum for four years from 1 April 2019. A further procurement for Microsoft licensing and enterprise agreement was undertaken and ran through a Crown Commercial Services framework. The awarded contract value is £468,642 over three years from 1 May 2019. Three procurements, using national frameworks, were undertaken for the purchase of new operational vehicles as follows: four new fire engines were ordered at £263,465 each, two Tactical Response Vehicles at a total of £248,543 and officers' fleet cars at a total of £482,540.
- 4.5. The Contract Procedure Rules require a summary of waivers to be presented. The table below shows an analysis of the waivers approved during 2018/19 and is shown by department and a broad categorisation of the reason for the waiver.

<b>Reason for Waiver</b>	<b>Quantity</b>	<b>Value</b>	<b>Department(s)</b>
Urgency	2	£ 63,865	People and Organisational Development
Continuity of Provision	3	£74,127	People and Organisational Development / Estates
Limited Supply Market	1	£22,907	ICT
	<b>6</b>	<b>£160,899</b>	

4.6. The service provided 2017/18 spend analysis data as part of a national exercise conducted by the national Fire Commercial Transformation Programme. With this data, fire services have the opportunity to work more collaboratively, enable savings and deliver greater value for money from our procurements.

4.7. Procurement related activity for 2019/20 includes:

- the updating and extension of the Procurement Plan (to 3 years);
- the continued maintenance and publication of the contracts register;
- continued awareness of National Fire Chiefs Council and the Fire Commercial Transformation Programme activities;
- the embedding of the Contract Procedure Rules and detailed procedural guidance;
- the provision of further training where required;
- the review of the Contract Procedure Rules, particularly in light of any impact arising from the potential exit of the United Kingdom from the European Union.

## **5. Report Implications / Impact**

### **5.1. Legal (including crime and disorder)**

- a) The Contract Procedure Rules form part of the Constitution of the CFA, therefore this report satisfies the Constitution requirements in relation to reporting and procurement procedures.
- b) Each procurement process will need to follow due process in accordance with internal and legislative requirements, with advice from the Procurement Services Team at Leicester City Council.

5.2. ***Financial (including value for money, benefits and efficiencies)***

Contracting activity on the Procurement Plan is a statement of intent and is subject to the necessary funding being available. The Plan provides a strategic approach to achieving value for money through major procurement activity.

5.3. ***Risk (including corporate and operational, health and safety and any impact on the continuity of service delivery)***

Ineffective procurement can lead to an inability to achieve value for money, efficiency and effectiveness, openness to fraud and loss of reputation.

5.4. ***Staff, Service Users and Stakeholders (including the Equality Impact Assessment)***

Procurement is used to drive wider social value, i.e. to bring about improvements in economic, social and environmental well-being.

5.5. ***Environmental***

None.

5.6. ***Impact upon Our Plan Objectives***

An effective procurement contributes to the Finance and Resources Strategy of achieving Value for Money and increased efficiency and effectiveness.

## **Background Papers**

Review and Revision of the Constitution of the Combined Fire Authority (CFA Report 12 December 2018):

[https://leics-fire.gov.uk/my-calendar/?mc\\_id=123](https://leics-fire.gov.uk/my-calendar/?mc_id=123)

## **Appendices**

None.

## **Officers to Contact**

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