



TITLE OF REPORT: Procurement and contracts report

REPORT OF: Mike Barker, Strategic Director, Corporate Services and Governance

Purpose of the Report

1. Cabinet is asked to consider and approve the procurement and award of the contracts listed in appendix 2.

Background

2. On 21st May 2019, it was agreed by Cabinet, a procurement and contract reports would be considered by Cabinet approximately twice per year.
3. On 24th March 2020, Cabinet approved a report on procurement and contracts report containing a number of contracts which had already been awarded through delegated authority, or were likely to be tendered (or procured via another means), during the next six months (or beyond) and cabinet approval was sought to invite or negotiate tenders, or to conduct some other procurement process, and to award the contract in accordance with the outcome of the procurement evaluation.

Proposal

4. The contracts listed in appendix 2 are at various stages of the procurement cycle. The first table includes contracts that have either already been awarded or are no longer required as described in “progress since March 2020” column. These contracts will not appear on the next report to Cabinet.
5. The second table includes contracts that exceed £250k in value and require Cabinet approval to invite tenders or undertake some other procurement process (including using existing frameworks that have been let by other organisations, or directly award contracts where there is justification to do so), in accordance with the Contract Procedure Rules and to continue the process through to award of contract.
6. The third table includes a number of contracts that are at the early planning stage and therefore authorisation is requested to invite tenders or undertake some other procurement process (for example use existing frameworks that have been let by other organisations, or directly award contract where there is justification to do so) in accordance with the Contract Procedure Rules and to continue the process through to award of contract. The contract value is not known at this stage and some contracts will exceed £250k in value and others will be less than this value. There is also a possibility that some of the procurements may not progress.

7. In order to provide a complete picture of procurement activity, a list of contracts that do not require Cabinet approval due to their value, or because they are being undertaken on behalf of the Gateshead Housing Company or a school, is included for information and to enable Councillors to influence them should they wish to do so.
8. Councillors may also note that some contracts have been extended due to Covid-19 and these are highlighted in the appropriate table. Decisions to extend contracts were based on the Council's capacity to undertake this work at the time it was required, and/or the ability of specific markets to respond to the tender opportunities.

Recommendations

9. It is recommended that the Service Director, Corporate Commissioning and Procurement be authorised to invite or negotiate tenders or conduct other procurement processes (or to complete the relevant processes where they have already begun) in respect of the contracts listed in appendix 2 and to award the relevant contracts to the tenderers submitting the most economically advantageous tenders (or otherwise proving successful in accordance with other procurement processes) in accordance with the Contract Procedure Rules.

For the following reason:

To enable the procurement of goods, works and services required for the efficient and effective delivery of services.

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Policy Context

1. To deliver efficient and effective services, and the Council's Thrive agenda it is necessary for the Council to procure a wide variety of goods, works and services from a range of external organisations in accordance with the Corporate Commissioning and Procurement Strategy 2016-2021

Background

2. Procurement activity exceeding specific financial thresholds must comply with the Public Contract Regulations 2015.
3. The Council's Contract Procedure rules set out a framework within which all procurement activity must be undertaken and implement the Public Contract Regulations 2015.
4. On 21 May 2019, Cabinet approved amendments to the Contract Procedure Rules that require approval of Cabinet for all contracts exceeding £250,000 to:
 - “2.1 invite or negotiate tenders, or conduct some other procurement process and to award the Contract to the tenderer(s) submitting the most economically advantageous tender(s) as determined by the Service Director, Corporate Commissioning and Procurement, in accordance with the stated terms of the tender or other process, or:
 - 2.2 subsequent to the conduct of a tendering process or other procurement process to award the Contract to the tenderer(s) submitting the most economically advantageous tender(s) in accordance with the stated terms of the tender or other process.”
5. Prior to this date Cabinet approval was only required for 2.2 above. Cabinet were not always aware of the procurements that were planned, and therefore had limited input into the scope and content of contracts, or proposed route to market. The effect was that Cabinet had no input until the tender or procurement process had identified the preferred bidder.
6. The revised Contract Procedure Rules are designed to be more flexible by not requiring specific processes to be carried out based on value alone and will enable Cabinet members to influence specific contracts by contacting the Service Director, Corporate Commissioning and Procurement to discuss any aspects of contracts before the procurement processes commence.

Consultation

7. Consultation has taken place with Service Directors (as listed within appendix 2) and also with officers who have appropriate technical expertise in relation to the subject matter of the contract.
8. Prior to issuing tenders or commencing other procurement processes, varying degrees of market engagement routinely takes place.

Alternative Options

9. For each contract, a range of options are considered as part of the procurement process and the options can include:
 - 9.1 whether or not works and services can be delivered via a directly employed workforce (i.e.in-house) in which case no procurement activity will be undertaken;
 - 9.2 a range of routes to market (including obtaining tenders, use of existing procurement arrangements, procuring collaboratively with other organisations, using frameworks established by other organisations, directly awarding contracts where it is appropriate to do so, etc);
 - 9.3 whether a tender process will deliver the best outcome, or whether a simple quotation or other process can be used;
 - 9.4 when a tender process is required, which of tender process should be used (open tender, restricted tender, dynamic purchasing system, process using negotiation etc.).

Implications of Recommended Option

10. Resources:

- a) **Financial Implications** – The Strategic Director, Resources and Digital will be required to confirm that budgetary provision is available prior to any tender being issued and contract being awarded.
- b) **Human Resources Implications** – In the event that there are potential human resource implications that may result from a procurement process (e.g. TUPE may apply), advice will be sought from the Service Director, Human Resources and Workforce Development.
- c) **Property Implications** - In the event that there are potential property implications that may result from a procurement process advice will be sought from the Strategic Director, Corporate Services and Governance.

11. Risk Management Implications -

Each contract will be subject to a number of risk assessments including health and safety, financial, and where appropriate safeguarding. This process enables the identification and management of risks on a contract by contract basis. A range of processes have been implemented to try to minimise the risk of procurement challenges.

12. Equality and Diversity Implications -

Each contract will be considered in terms of equality and diversity implications prior to the procurement process commencing. The use of the Corporate Social Responsibility Pledge will also communicate the minimum equality and diversity standards that the Council requires from its supply chain.

- 13. Crime and Disorder Implications –**
Each contract will be considered in terms of crime and disorder implications prior to the procurement process commencing.
- 14. Health Implications -**
Each contract will be considered in terms of health implications prior to the procurement process commencing. The use of the Corporate Social Responsibility Pledge will also communicate the minimum health implication standards that the Council requires from its supply chain.
- 15. Sustainability and Climate Emergency Implications -**
Each contract will be considered in terms of sustainability and climate emergency implications prior to the procurement process commencing. The use of the Corporate Social Responsibility Pledge will also communicate the minimum sustainability standards that the Council requires from its supply chain.
- 16. Human Rights Implications -**
Each contract will be considered in terms of human rights implications prior to the procurement process commencing. The use of the Corporate Social Responsibility Pledge will also communicate the minimum human rights standards that the Council requires from its supply chain.
- 17. Ward Implications -**
Each contract will be considered in terms of ward implications prior to the procurement process commencing.
- 18. Background Information**
The following reports have been relied on in the preparation of this report:
- (a) Report to Cabinet on changes to the Constitution on 21 May 2019,
 - (b) Report to Cabinet on 24th March 2020
 - (c) Corporate Commissioning and Procurement Strategy,
 - (d) Corporate Social Responsibility Pledge