

Finance and Resources Committee

2.00pm, Wednesday 13 May 2015

Contracts Awarded Under Delegated Authority (Waiver Reports) and Procurement Activity

Item number	7.9
Report number	
Executive/routine	
Wards	All

Executive summary

The City of Edinburgh Council has awarded a total of £22.9m of contracts to a variety of supplier organisations from 1 December 2014 to 28 February 2015, with the annual value of live contracts operating during this period totalling £509.7m. During the same period contracts worth £0.6m have been granted under delegated authority through the Waiver of Standing Orders, as permitted in Section 9 of the Contract Standing Orders. This report updates the Committee in relation to contracts awarded under such delegated authority. This is in addition to those waivers that have been reported to Committee over the period.

Additionally, contracts under the Committee approval thresholds to the value of £1.5m have been awarded in the period from 1 December 2014 to 28 February 2015. This report updates Committee in relation to contracts awarded under such approval thresholds.

It is recommended that the Committee notes the contents of this report.

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Contracts Awarded Under Delegated Authority (Waiver Reports) and Procurement Activity

Recommendations

- 1.1 It is recommended that the Committee notes the contents of this report and the authorisations made under delegated authority.

Background

- 2.1 The City of Edinburgh Council has awarded a total of £22.9m of contracts to a variety of supplier organisations in the period from 1 December 2014 to 28 February 2015.
- 2.2 During that period a number of contracts have been awarded under delegated authority through the Waiver of Standing Orders, as permitted in Section 9 of the Contract Standing Orders.

Main report

- 3.1 Contract Standing Orders may be waived in certain specified circumstances as set out below.

Waiver of Standing Order Process

- 3.2 Contract Standing Orders can currently be waived by the relevant officer providing a written waiver Report which outlines the justification of the waiver under the following delegated authority limits (Table 1). Copies of all waivers are held by the relevant Service and also with Commercial and Procurement.

Table 1 Waiver Delegated Authority Limits

Contract Value	Delegated Authority
Less than £25,000	Relevant Head of Service and Commercial and Procurement Manager
More than £25,000 and less than £250,000	Relevant Director and Director of Corporate Governance
More than £250,000	Relevant Director, Director of Corporate Governance and relevant Committee Convener. (In respect of contracts required in extreme urgency or in the best interests of the Council)

3.3 Prior to 5 February 2015, justification for the waiver of Contract Standing Orders was allowed for the following reasons:

- Nature of the proposed works, goods or services justifying direct award
- Extreme urgency not foreseen
- Legislative exemptions
- In the Council's best interests
- Genuinely exceptional circumstances

To ensure clarity, the updated Contract Standing Orders presented to Council on 5 February 2015 rationalised these categorisations to the following:

- **Legislative exemptions** (including technical or artistic reasons, extreme urgency and genuinely exceptional circumstances) where the departure from standing orders is wholly justified in accordance with EU law and principles.
- **In the Council's best interests** where, on a risk-assessed basis, the departure from standing orders can be justified (e.g. to extend an existing arrangement to allow it to be combined as part of a larger procurement exercise).

Appendix 1 includes a breakdown by value in the relevant categorisation. The Council approved these revisions to the Contract Standing Orders on 5 February 2015.

3.4 Irrespective of the justification, each waiver is looked at on its own merits and is only approved if justifiable given the circumstances. However, as highlighted to Committee previously, there is likely to be a continuing need to use this process, especially during this period of transition and improvement in compliance in relation to commercial and procurement activity. The overall objective is to significantly reduce the use of waivers.

3.5 A summary of contracts awarded under the waiver arrangements for the period 1 December 2014 to 28 February 2015 is provided in Table 2 below, set alongside the total annual value of live contracts in operation over the same period. Further information on these waivers is detailed under Appendix 1.

Table 2 Contracts awarded under the waiver of Standing Orders
(1 December 2014 to 28 February 2015)

Directorate	Total Waiver Value* (£m) 1 Dec 2014 – 28 Feb 2015	Annual value of live contracts** in the period 1 Dec 2014 – 28 Feb 2015
Children & Families	£0.01m	£89.9m
Corporate Governance	£0.07m	£21.6m
Health & Social Care	£0.05m	£153.7m
Services for Communities	£0.17m	£157.0m
Economic Development	£0.10m	£2.2m
Cross-Directorate	£0.17m	£85.3m
	£0.57m	£509.7m

* Excludes waivers which have been reported previously to committee

** Excludes contracts below a threshold of £25,000 annual value

3.6 Given their de minimis value, waivers under £5,000 have not been included in this table. There are a total of 19 waivers awarded with a value of less than £5,000 which account for £57,910 in total.

3.7 The figures shown in Table 2 and Appendix 1 reflect the total financial value requested to be waived for the contracts in question. In a number of cases the actual spend will be less than this value.

3.8 Commercial and Procurement Services will continue to monitor and challenge submitted waivers and ensure continuing compliance with the Contract Standing Orders. As agreed with the Committee, reporting frequency will now be increased to quarterly reporting.

Contract Standing Order Approval Thresholds

3.9 The Contract Standing Orders state that contracts in excess of £1m for supplies and services and £1.5m for works require approval from the Committee before award.

3.10 Contracts under the Committee thresholds to the value of £1.5m have been awarded in the period 1 December 2014 to 28 February 2015.

3.11 For visibility, details of contracts awarded under the Committee approval thresholds for the period December 2014 to 28 February 2015 are detailed

under Appendix 2. Given their de minimis value, contracts under the value of £25,000 have not been listed in the Appendix.

Measures of success

- 4.1 By continuing to scrutinise and document all instances where it has been requested that the Council's Contract Standing Orders be waived, this evidences strong authorisation and internal control processes within the City of Edinburgh Council.

Financial impact

- 5.1 There are no financial impacts directly arising as a result of this report. Contracts awarded or extended under delegated authority create a legally binding contract for and on behalf of the City of Edinburgh Council which is bound and liable for any conditions under such contracts.

Risk, policy, compliance and governance impact

- 6.1 A waiver denotes a departure from the Council's Contract Standing Orders (which in part reflect the Council's legal obligations). There may be an increased risk if the Council has departed from EU requirements. However, each waiver is scrutinised on its own merits in this context, and is only approved if justifiable given the circumstances or permitted in accordance with EU obligations. This report outlines all waivers approved from 1 December 2014 to 28 February 2015, and all contracts awarded with a value over £25,000 and under the required committee approval thresholds in the same period, enhancing the Council's measures of transparency.

Equalities impact

- 7.1 There are no equalities impacts directly arising as a result of this report.

Sustainability impact

- 8.1 There are no sustainability impacts directly arising as a result of this report.

Consultation and engagement

- 9.1 The Council's Contract Standing Orders outline the appropriate measures of consultation and approval that must be sought from officers or committee for each waiver, dependent on the expected value (as set out at Table 1).

- 9.2 Following extensive consultation with service areas, revised Contract Standing Orders were approved by the Council on 5 February 2015.
- 9.3 The revised waiver process and supporting documentation were launched in February 2015 to accompany the revised Council Standing Orders.

Background reading/external references

[Finance and Resources - Thursday 15 January 2015 \(item 714\) - Contracts awarded under Delegated Authority \(waiver reports\) and Procurement activity](#)

[Review of Contract Standing Orders and Guidance on Consultants February 2015](#)

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Links

Coalition pledges	P30: Continue to maintain a sound financial position including long term financial planning
Council outcomes	CO25: The Council has efficient and effective services that deliver objectives
Single Outcome Agreement	
Appendices	Appendix 1 – Contracts awarded under waiver of CSOs Appendix 2 – Contract Awards under Committee Thresholds

Appendix 1 – Contracts awarded under the Waiver of Contract Standing Orders

The following relate to the period 1 December 2014 to 28 February 2015.

Details of Waivers by Justification (using new justification from revised Contract Standing Orders approved by the Council in February 2015):

Paragraph	Description of Justification	Amount
9.1.1	Legislative exemption	18
9.1.2	In the Council's best interests	10
		28

Details of Waivers by Directorate

The following relate to the period 1 December 2014 to 28 February 2015.

Directorate	Children & Families	
Supplier/product or service	Justification for waiver	Value
Cavendish Communications Projects Limited	In the Council's best interests. Extension of existing contract for one year to allow for continuity of a pilot enabling online payments to schools pending the outcome of work around the national framework agreement whilst allowing for formal approval of any specific recommendations.	£10,000
		£10,000

Directorate	Services for Communities	
Supplier/product or service	Justification for waiver	Value
The Restorient Studio	Legislative exemption. Continuing conservation work on Moromasa Scroll. The scroll is of national importance and there are no known conservationists of this type in the UK.	£15,431
W F Howes	Legislative exemption. W F Howes, as publisher, is the single source of this proprietary material to provide online e-magazine information services for city libraries.	£12,277
Vysionics	Legislative exemption. Single source supplier for core system 'code' and software system support to ensure continued support for CEC's Automatic Number Plate recognition (APNR) custom hardware and software.	£17,805
CA Traffic	Legislative exemption. Upgrade of Council's current cycle counters with GPRS. CA Traffic is the sole supplier and continuation with them will ensure validation of the current warranties.	£13,716
SPRUCE System Support	Legislative exemption. Single source supplier for core system 'code' and software system support to maintain essential services to traffic signals allowing priority to trams. The SPRUCE system is	£22,000

	used by a number of authorities across the UK.	
Mayfly Containers Ltd	Legislative exemption. A supply of replacement hinges is required to allow full refurbishment of 50 waste transfer containers. The door hinges are not a standard product and are not available from other suppliers.	£13,000
BRE	In the Council's best interests. BRE's appointment as an expert witness in an Employment Tribunal is a case of delectus personae and they are engaged as the Council's preferred expert witness.	£8,200
Nivensknowe Kennels	In the Council's best interests. Care of pets for those who have become homeless. A strategic review of the provision will be undertaken.	£60,000
Peter Cox	In the Council's best interests. Upon lease expiry it was discovered that comprehensive damp proofing works were required in addition to warranty repairs at this Dalry Road property. The original specialist contractor was instructed to carry out all required works in order to protect existing warranty arrangements, minimise disruption and prevent further damage.	£7,000
		£169,429

Directorate	Corporate Governance	
Supplier/product or service	Justification for waiver	Value
Napier University	Legislative exemption. Napier University has a specialist capability and capacity to deliver research related to Physical Activity within an Edinburgh context. Other institutions in the city do not possess the capability or capacity at present to carry out this work.	£12,500
Institute of Management Studies (IMS)	Legislative exemption. IMS provide high calibre speakers to Edinburgh to share valuable insight and knowledge on current Management thinking. This will enable CEC to maintain a consistent high quality offering for the Talent Plan participants.	£6,080
Lockheed Martin Business Technology Solutions Limited	In the Council's best interests. A contract extension is required to sustain the development of the Cognos BI data repository and the delivery of Management Information dashboards to service areas.	£28,600
Run2See software application for mapping	Legislative exemption. The Run2See product is a unique and innovative product to attract runners and enhance their experience in the city.	£13,420
Toptix (UK) Ltd	Legislative exemption. The Usher Hall's ticketing system is fully hosted by the system supplier and the renewal is now due.	£7,200
		£67,800

Directorate	Economic Development	
Supplier/product or service	Justification for waiver	Value
Financial Times	Legislative exemption. On behalf of the Scottish Cities Alliance. Undertaking a programme of promotional activity to highlight city investment priorities to the international and national investor/development audience.	£10,000
In-Flight Advertising Ltd	Legislative exemption. Targeted advertising forms part of the Council's international route development marketing to support new routes into Edinburgh and to encourage new investors to the city. This advertising will reach a potential readership of over 22 million people.	£16,546
The University of Edinburgh	Legislative exemption. Analysis of employability client records to provide a detailed report on what actions and service inventions are helping to address poverty through employment to bring about income maximisation into households. The funding was secured from the Scottish Government and stipulated that the University of Edinburgh should be the supplier.	£11,700
Etihad Airways	In the Council's best interests. Targeted advertising forms part of the Council's international route development marketing to support new routes into Edinburgh and to encourage new investors to the city.	£20,000
Questex LLC	In the Council's best interests. In preparation for the IHIF Berlin and targeted at the audience, this was used to promote the Edinburgh Hotel prospectus.	£5,187
Resolve Creative	In the Council's best interests. Production of an updated version of the Hotel Development Prospectus in digital and interactive format.	£8,642
Cities Today - Publishing for Development	Legislative exemption. The advertising package is bespoke and tailored to reach the specific international target audience of urban decision makers to promote Edinburgh internationally.	£7,000
Rewards for Training	Legislative exemption. Fees for Administration and Customer Services training for Modern Apprentices is provided by Rewards for Training.	£19,000
		£98,075

Directorate	Health & Social Care	
Supplier/product or service	Justification for waiver	Value
Later Life Training	Legislative exemption. Sole supplier of two exercise based rehabilitation programmes called Otago and Sit Tall, Stand Strong.	£5,412
Total Hygiene	Legislative exemption. Essential supply and maintenance of electronic bidet toilets; contract extension until tender process is completed	£20,000
David Mandel Associates LLC	Legislative exemption. Jointly funded (CEC, Police Scotland & NHS Lothian) domestic abuse training agreed by the Edinburgh Child Protection Committee and the Chief Officers' Group – Child Protection. This is the bespoke 'safe and Together' model of training agreed by Chief Officers.	£10,000
Experian Ltd	In the Council's best interests. License to continue to use software system for Community Equipment Services (CES) for records, stock and asset management. Legal has recommended this route.	£12,622
		£48,034

Directorate	Cross Directorate	
Supplier/product or service	Justification for waiver	Value
Sibcas	In the Council's best interests. Installation of nursery temporary unit for Leith Primary School. There are two main providers and Sibcas has a design developed following a Falkirk Council procurement which meets Care Commission standards, and can be installed by January 2015 with minimum delays. The alternative supplier has no 'off the shelf' unit.	£165,475
		£165,475

Appendix 2 – Contracts awarded with a value over £25,000 and under the Committee approval thresholds of the Contract Standing Orders

The following reports relate to the period 1 December 2014 to 28 February 2015.

Directorate		Corporate Governance	
Date	Supplier	Contract Description	Value
15/01/2015	Scott and Company	Provision of Sheriff Officer and Debt Collection Services	£89,260
12/12/2014	The Union Advertising Agency Ltd	Mini-Comp for marketing services to advise, prepare and provide a Channel Shift Marketing Strategy.	£49,968
06/01/2015	Crawford & Company	Providing loss adjusting insurance services for the Council in conjunction with the Council's insurance services	£38,097
TOTAL			£177,325

Directorate		Cross-Directorate	
Date	Supplier	Contract Description	Value
01/12/2014	PJs Foods Ltd	Prepared Sandwiches December NHS Scotland Contract	£85,000
TOTAL			£85,000

Directorate		Services for Communities	
Date	Supplier	Contract Description	Value
23/12/2014	WSP UK Limited	Consultant for the Roseburn to Union Canal Cycleway.	£499,723
07/01/2015	Cleantech Civils Limited	Widening and Resurfacing of Cycleway.	£379,998
10/12/2014	Aecom Limited	To provide consultancy services for feasibility study into public transport improvements.	£55,874
02/02/2015	JCJ (Demolition & Construction) Limited	The works will comprise soft strip and demolition of two buildings. At the former Calder Community Centre the site will be levelled and grassed over. At the former caretaker's house at North Cairntow the site will be levelled but a hardstanding will be constructed on which the local community double-decker bus will stand.	£54,413
10/12/2014	Saltire Roofing & Building Ltd	Repairs and Maintenance of Joinery works in Council owned tenanted properties.	£50,000
13/01/2015	NAL Ltd	Supply and delivery of Edinburgh Tall Style Flexible Bollards.	£50,000
24/02/2015	Glasgow and Weir Fabrications	Blacksmith Works throughout Edinburgh to any Council owned properties. These works include repairs for forced entry to steel openings, including renewal of padlock.	£50,000
16/02/2015	Met-Fab Scotland Ltd	Refurbishment of ISO Containers.	£43,500
27/02/2015	Hyspec Services Limited	Harperrig Reservoir Gantry Bridge Maintenance Painting.	£37,104
21/01/2015	Capita Property and Infrastructure Ltd	A feasibility study of George IV Bridge to ascertain if waterproofing/water seepage management can be carried out to prevent water leakage through the bridge to stop deterioration of the stonework and keep vault spaces dry.	£32,350
15/12/2014	RD Anderson Haulage	Roads Services hire of 18 tonne hiab vehicle and driver.	£26,911
TOTAL			£1,279,873