

# Finance and Resources Committee

10.00am, Thursday 14 January 2016

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

Item number	7.20
Report number	
Executive/routine	
Wards	All

### Executive summary

This report updates the Finance and Resources Committee on the contracts awarded between 1 July 2015 and 30 September 2015. It sets out those contracts awarded following a waiver of the Council's Contract Standing Orders (CSOs) and the contracts awarded with a value below the threshold requiring Committee approval. The table below provides a summary.

Value of contracts awarded between 1 July 2015 and 30 September 2015		£228.5m
Value of contracts let following a waiver of the CSOs	Under delegated authority	£0.74m
	With Committee approval	£2.34m
	Total	£3.08m
Value of contracts let below the threshold requiring Committee approval		£3.23m

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

### Links

Coalition pledges	<a href="#">P30</a>
Council outcomes	<a href="#">CO25</a>
Single Outcome Agreement	

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

### Recommendations

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

### Background

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- 2.1 The Contract Standing Orders (CSOs) are the Council's legal and operational rules for how we buy goods and services (ranging from purchases of small value to many millions of pounds).
- 2.2 The City of Edinburgh Council has awarded a total of £228.5m of contracts to a variety of supplier organisations in the period from 1 July 2015 to 30 September 2015.
- 2.3 During the specified period a number of contracts have been awarded under the delegated authority permitted by waiving the CSOs, as permitted in Section 9 of the CSOs. The report for this period includes an overview of the contracts awarded by committee approval of a waiver of the CSOs during the period, to give a comprehensive overview of all waiver activity. This will be included in future reports.
- 2.4 The current report includes information on a three month period, July to September. The quarterly reports are now therefore aligned with the financial reporting periods.

### Main report

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- 3.1 The CSOs may be waived in certain specified circumstances as set out below.

#### **Waiver of Standing Order Process**

- 3.2 The CSOs can be waived by the relevant officer providing a written waiver report which outlines the justification of the waiver under the delegated authority limits set out in the CSOs. Copies of all waivers are held by the relevant Service and also with Commercial and Procurement Services.

- 3.3 The CSOs are reviewed annually and updated as necessary. They will be altered as appropriate to incorporate changes in the Directorates throughout the Transformation Programme and to address the changes introduced as a result of the Procurement Reform (Scotland) Act 2014. The 2014 Act will introduce a new tendering regime for contracts over the value of £50,000.
- 3.4 The waiver of CSOs to allow a contract to be awarded or extended without some form of competitive tendering may be required in certain circumstances e.g. continuity of care or a sole provider due to intellectual property rights. Each waiver is looked at on its own merits and is only approved if fully justifiable. However, these circumstances need to be tightly controlled and scrutinised. As such, justification for the waiver of CSOs is permitted but only in the two instances categorised as follows:
- **Legislative exemptions**, including technical or artistic reasons, extreme unforeseen urgency, social care contracts (where there is no cross border interest) and genuinely exceptional circumstances, where the departure from CSOs is wholly justified in accordance with EU law and principles i.e. where the value of the contract does not exceed the current EU thresholds (£173,000 for services and £4.3M for works) and there is no interest from providers from member states outwith the UK.
  - **In the Council's best interests** where, on an individually 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. Please note that while some may be categorised as 'in the Council's best interests' there may also still be a legislative exemption because of their relatively low value.

- 3.5 There will be a continuing need to use this process to allow for those exemptions that European procurement law recognises, and also to provide the flexibility required during this period of transition and improvement in compliance in relation to commercial and procurement activity. The overall objective is to provide an audit trail for when the Council legitimately departs from a requirement to tender, and to significantly reduce the need for those waivers where they are required due to poor planning, arranging for competitive procurement as required.
- 3.6 A summary of all contracts awarded under waiver arrangements for the period (both under delegated authority and through committee approval) from 1 July 2015 to 30 September 2015 is provided in Table 1 below, set alongside the total annual value of live contracts in operation over the same period. Further information on these waivers is detailed in Appendices 1 and 2.

- 3.7 One aim of the ongoing Purchase to Pay (P2P) project is to ensure that spend with non-contracted suppliers is minimised. A decrease in non-contracted spend has largely been as a result of closer financial management in this area and where appropriate, the approval of waivers has been necessary to continue service provision until a compliant procurement plan has been agreed for these contracts.

**Table 1 Contracts awarded under the Waiver of Standing Orders  
(1 July 2015 to 30 September 2015)**

Directorate	Total Waiver Value under Delegated Authority 1 July 2015 – 30 September 2015 (£m)	Total Waiver Value by Committee Approval 1 July 2015 – 30 September 2015 (£m)
Children & Families	£0.08m	n/a
Corporate Operations	£0.29m	£0.01m
Health & Social Care	£0.07m	£0.12m
Services for Communities	£0.29m	£2.21m
Economic Development	£0.01m	n/a
Cross-Directorate	n/a	n/a
	£0.74m	£2.34m

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

Given their de minimis value, waivers under £5,000 have not been included in the figures in this table. There are a total of 3 waivers awarded with a value of less than £5,000 which account for an additional £11,835 in total.

- 3.8 The figures shown in Table 1 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.
- 3.9 Commercial and Procurement Services will continue to monitor and challenge submitted waivers to ensure continuing compliance with the CSOs.

#### **CSO Approval Thresholds**

- 3.10 The CSOs state that contracts in excess of £1m for supplies and services and £1.5m for works require approval from the Committee before award.
- 3.11 Contracts under the Committee thresholds to the value of £3.23m have been awarded in the period 1 July 2015 to 30 September 2015, and are detailed

under Appendix 3. Given their de minimis value, contracts under the value of £25,000 have not been listed in the Appendix. There are a total of 18 contracts awarded with a value of less than £25,000 which account for an additional £219,407 in total.

## Measures of success

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

## Financial impact

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- 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

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- 6.1 A waiver denotes a departure from the Council's CSOs (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 July 2015 to 30 September 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

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

## Sustainability impact

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

## Consultation and engagement

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- 9.1 The Council's CSOs outline the appropriate measures of consultation and approval that must be sought from officers or committee for each waiver, dependent on the expected value.

- 9.2 Following extensive consultation with service areas, revised CSOs 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 CSOs, and feedback received from services will be incorporated as appropriate through an annual review.

## Background reading/external references

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[Finance and Resources - Thursday 24 September 2015 \(item 7 12\) - 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

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<b>Coalition pledges</b>	P30: Continue to maintain a sound financial position including long term financial planning
<b>Council outcomes</b>	CO25: The Council has efficient and effective services that deliver objectives
<b>Single Outcome Agreement</b>	
<b>Appendices</b>	<p>Appendix 1 – Contracts Awards under waiver of CSOs by Delegated Authority</p> <p>Appendix 2 – Contracts Awards under waiver of CSOs by Committee approval</p> <p>Appendix 3 - Contract Awards below Committee Thresholds</p>

## Appendix 1 – Contracts awarded under the Waiver of CSOs by Delegated Authority

The following relate to the period 1 July 2015 to 30 September 2015.

### Justification

Paragraph	Description of Justification	Amount
9.1.1	Legislative exemption	6
9.1.2	In the Council's best interests	30
		36

### Delegated Authority Waivers by Directorate

Directorate	Children & Families	
Supplier/product or service	Justification for waiver	Value
Princes Trust	In the Council's best interests. To continue the delivery of programmes to provide alternative curriculum provision for disengaged pupils.	£28,125
The Action Group - BEMAS (Black & Ethnic Minority Service)	In the Council's best interests. To continue to provide a service that will include one to one case work, informal social opportunities and will also offer sign posting for BME (black and ethnic minority) carers and their disabled children.	£50,875
		<b>£79,000</b>

Directorate	Services for Communities	
Supplier/product or service	Justification for waiver	Value
ADT Fire and Security plc	In the Council's best interests. Intruder Alarm Maintenance Contract support for 320 City Wide Council Properties.	£23,000
RCAHMS	In the Council's best interests. Provision of a range of online reference information and learning to customers	£5,565
Living Streets	In the Council's best interests. To contribute towards the recruitment of a walking project officer to engage communities and authorities about making streets pedestrian friendly and promoting walking.	£26,727
EY	In the Council's best interests. Option appraisal for 21 <sup>st</sup> Century Homes	£21,000

Vysionics ITS Ltd	In the Council's best interests. To continue the maintenance and support contract for the bus lane camera enforcement system.	£19,306
W F Howes Ltd	Legislative exemption. To provide a range of online Library services to meet customers' changing needs.	£9,000
Masterbill Micro Systems Ltd	In the Council's best interests. To continue with essential annual software maintenance.	£19,245
Cameron Forecourt Ltd	In the Council's best interests. To ensure that Travel and Fleet services meet the Council's fuel site needs until a strategic decision is made on the location of bunkered fuel.	£8,724
Webaspx Limited	In the Council's best interests. Renewal of licence for specialist software used to design refuse collection routes.	£6,500
Concerto	In the Council's best interests. To maintain a secure web based system to assist with hosted caller management for construction and projects.	£6,000
Domain Strategic Management Limited	In the Council's best interests. To maintain provision of asset data management and reporting services.	£23,800
The Gallery Partnership Ltd	In the Council's best interests. Continued provision of software for the Edinburgh Common Clients Outcome (ECCO) monitoring system until the service is migrated to Northgate in March 2016.	£15,630
Freight Transport Association Ltd	In the Council's best interests. To continue with the essential services of the FTA to provide an advisor who is expertly trained in legislation regarding Drivers Hours and Working Time.	£20,030
Allan's Magic	In the Council's best interests. To provide 'The Road Safety Magic Show' to promote road safety within the school curriculum in a fun and interactive manner for primary school children.	£6,900
BR Hallworth Ltd	In the Council's best interests. To continue with custom software and technical support for the Council's SPRUCE system which is required as part of the tram project for implementing priority at traffic signals along the route.	£22,000
FES Support Services Limited	In the Council's best interests. To carry out extensions and/or upgrades to existing Access Systems within Council properties.	£25,000
Synergie Training Limited	In the Council's best interests. To undertake Construction (Design and Management) Regulations 2015 (COM) Training for SFC's Roads and Transport staff to comply with changes to	£15,860

	regulations.	
Assemble Collective Self Build	In the Council's best interests. To provide private tenants who are at risk of losing their homes with specialist advice on co-operative proposals and available options to enable them to remain in their homes.	£15,200
		<b>£289,487</b>

Directorate	Corporate Operations	
Supplier/product or service	Justification for waiver	Value
Cottrills	In the Council's best interests. Provision of Long Service awards to staff.	£16,000
Hypostyle Architects	In the Council's best interests. To provide for Conservation Architectural advice and guidance for the statutory notice repair works at 170-176 Gorgie Road.	£11,080
Matthew Clark Wholesale Ltd	In the Council's best interests. To enable the purchase of bar stock for events within time bound periods to meet client expectations and service requirements.	£60,000
Litho Supplies UK Ltd	In the Council's best interests. To supply printing consumables whilst a tender process is carried out.	£20,000
In-Tend Procurement Solutions	In the Council's best interests. To enable continued service provision to publish tender opportunities with appropriate document upload facilities.	£6,011
K3 Retail	Legislative exemption. To continue with annual software maintenance with the sole supplier.	£5,412
Curated Place Ltd	Legislative exemption. To provide a unique light installation in St Andrew's Square.	£42,000
NFS Hospitality UK Limited	In the Council's best interests. To enable the continuation of the Council's room booking service and allow a new procurement to take place.	£12,731
Inform Communications PLC	In the Council's best interests. To enable service continuation of the 24 hour automated telephone facility for residents whilst a suitable alternative is secured by CGI.	£79,524
NCC Group	In the Council's best interests. To provide a robust security WEB and Infrastructure Penetration Testing scheme.	£15,000
Purple Seven Limited	Legislative exemption. To undertake an audit of the last three years of audience data to summarise and identify music genre trends.	£7,500
Toptix (UK) Limited	In the Council's best interests. To continue service with the sole supplier for use of proprietary ticketing software for the Usher Hall.	£9,344
		<b>£284,602</b>

Directorate	Economic Development	
Supplier/product or service	Justification for waiver	Value
Phoenix Broadband Limited	In the Council's best interests. To extend the data provision infrastructure in the Creative Exchange incubator facility in Leith when the Council took on additional space within the building. Phoenix already provided the service in the original	£8,090

	space, therefore it was agreed to extend the provision rather than install a new network.	
Milkroundabout Limited	In the Council's best interests. To provide an exhibition stand at a job fair for technology companies. This is a unique event.	£5,000
		<b>£13,090</b>

Directorate	Health & Social Care	
Supplier/product or service	Justification for waiver	Value
Later Life Training Limited	Legislative exemption. To maintain consistency in providing chair-based exercise facilitator training for day and care home services.	£7,000
SACRO	Legislative exemption. To support the criminal justice system by providing prisoners/patients with a travel service to stay in contact with their support network and mitigate the risk of re-offending.	£64,338
		<b>£71,338</b>

## Appendix 2 – Contracts awarded under the Waiver of CSOs by Committee approval

The following relate to the period 1 July 2015 to 30 September 2015.

Directorate		Services for Communities	
Date	Supplier	Contract Description	Value
27/08/2015	SPIE Scotshield	In the Council's best interests. Contract extension for Telecare Technology (Installation Maintenance and responsive Repair). The waiver will bring the end dates of the two existing contracts in line with each other, therefore allowing them to be merged into a single contract.	£90,000
27/08/2015	Cofely Ineo	In the Council's best interests. Continued provision of Bustracker Operation and Maintenance services.	£450,000
27/08/2015	Edinburgh Women's Aid, Shakti Women's Aid and Saheliya	In the Council's best interests. To provide contracts for visiting housing support to women who have suffered domestic abuse and to provide temporary accommodation for the duration of an 18 month pilot.	£976,608
27/08/2015	Blackwood Care, Health in Mind, Link Living and Penumbra	In the Council's best interests to ensure continuity of housing support to identified individuals.	£686,442
<b>TOTAL</b>			<b>£2,203,050</b>

Directorate		Health and Social care	
Date	Supplier	Contract Description	Value
27/08/2015	Total Hygiene and Advanced Stairlifts	In the Council's best interests. Extension of existing waivers to enable a partnership agreement with four other councils and NHS Lothian for supply, service and repair of electric bidet toilets and stair lifts, lifting platforms and 'through floor' vertical lifts.	£122,500
<b>TOTAL</b>			<b>£122,500</b>

Directorate		Corporate Operations	
Date	Supplier	Contract Description	Value
27/08/2015	Morton Fraser LLP	In the Council's best interests. Extension of pilot to support, develop and improve the Council's whistleblowing policy.	£13,831
<b>TOTAL</b>			<b>£13,831</b>

### Appendix 3 – Goods and service Contracts awarded with a value over £25,000 and below the committee approval thresholds of the CSOs

The following relate to the period 1 July 2015 to 30 September 2015.

Directorate		Corporate Operations	
Date	Supplier	Contract Description	Value
1/8/2015	Framework - Multiple Suppliers	Supply of Specialist Paper	£400,000
24/7/2015	St Judes Laundry	Laundry Services (supported business)	£80,000
18/8/2015	Progressive Partnership Ltd	Market Research and Reporting for the 2015 Edinburgh People Survey.	£59,997
6/7/2015	Framework - Multiple Suppliers	To provide an on-line booking system for the Registrars to incorporate payment on-line.	£59,000
<b>TOTAL</b>			<b>£598,997</b>

Directorate		Services for Communities	
Date	Supplier	Contract Description	Value
10/9/2015	Orchard and Shipman Group plc	The Provider shall assist homeless people or people at risk of homelessness to secure a privately rented property where they do not have the means to provide a rental deposit.	£945,000
4/8/2015	SPIE Scotshield Ltd	Interim Provision of Cyclical and Responsive Maintenance of Concierge Systems including CCTV from 1 July 2015 31 December 2015	£92,400
16/7/2015	Integrated Skills (UK) Limited	Quick Quote for Re-routing of Waste Collections	£38,000
<b>TOTAL</b>			<b>£1,075,400</b>

Directorate		Cross Directorate	
Date	Supplier	Contract Description	Value
31/8/2015	Framework - Multiple Suppliers	Cosmetic and Engineered repairs to hard surfaces	£800,000
22/9/2015	Framework - Multiple Suppliers	A range of First Aid Supplies including Protection (aprons), First Aid Kits, Dressing Plasters, Dressings, Tapes and Closures, Bandages, Cotton Wool, Compresses, Eye Care, Skill Kits, Bags and Containers, Disinfection, Wipes and Sundries	£404,520
<b>TOTAL</b>			<b>£1,204,520</b>

**Works contracts awarded with a value over £25,000 and below the Committee approval thresholds of the CSOs**

Directorate		Corporate Operations	
Date	Supplier	Contract Description	Value
21/7/2015	Finix Productions Ltd	New LED tree lights, 20 trees, The Mound, Princes St Gardens West, Edinburgh	£40,947
<b>TOTAL</b>			<b>£40,947</b>

Directorate		Services for Communities	
Date	Supplier	Contract Description	Value
31/7/2015	SP Power Systems Ltd	Diversion of High Voltage cables at Riversdale Crescent for Water of Leith FPS Phase 2	£107,985
28/9/2015	Firstcall Trade Services Ltd	Empty Homes - City Wide - Back Up Sub Contractor	£50,000
12/8/2015	Forth Stone Ltd	Statutory Notice Works at 9 Piershill Terrace	£44,379
18/8/2015	Forth Stone Ltd	Statutory Notice Works at 1-11 Queens Park Avenue	£32,773
12/8/2015	Bolton Roofing Contractors Ltd	Statutory Notice works at 130-138 Gorgie Road	£30,012
7/7/2015	Forth Stone Ltd	Statutory Notice works at 7 Buchanan Street	£27,976
<b>TOTAL</b>			<b>£293,125</b>

**Consultancy contracts awarded with a value over £3,000 and below the Committee approval thresholds of the CSOs**

Directorate		Services for Communities	
Date	Supplier	Contract Description	Value
3/7/2015	Sky High Technology Limited	Unmet demand taxi survey	£11,925
9/9/2015	Mott MacDonald Limited	To produce a draft tender package for the Forth Estuary Flood Risk Management Plan.	£9,971
<b>TOTAL</b>			<b>£21,896</b>