

Guidance Notes

Introduction

The following Contract Procedure Rules can be waived in **exceptional circumstances** and only with the prior written approval of the Relevant Chief Officer –

Contracts Procedure Rule No 3.1.1 – Category Plan and approved budget

Contracts Procedure Rule No 3.1.6 – Requirement to use existing suppliers

Contracts Procedure Rule No 3.1.7 – Requirement to use an Approved Framework Agreement

Contracts Procedure Rule No 3.1.15 – Requirement to use the Council's standard tender documents

Contracts Procedure Rule No 3.1.22 – Procurements not to be undertaken by consultants

Contracts Procedure Rule No 3.1.23– Post tender negotiations

Contracts Procedure Rules No 8.1 and 8.2 – Intermediate value procurements

Contracts Procedure Rules No 9.1 and 9.2 – High Value Procurements

Contracts Procedure Rule 15.2 – Tender evaluation

Waivers cannot be made retrospectively in any circumstances and failure to comply with Contract Procedure Rules may result in disciplinary action.

A report is required to meet the Council's obligations of transparency and openness and to show that the matter referred for consideration properly falls within Contracts Procedure Rules.

Officers are recommended to seek advice from the Chief Procurement Officer when completing the Waiver Report.

Report of: Martin Green – Senior Project Officer

Report to: Head of Economic Strategy for WYCA / LEP Director

Date: 11 November 2014

Subject: Appointment of BE Group – Digital Skills SME Challenge Fund

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input type="checkbox"/> No

Summary of main issues

1. The Leeds City Region Enterprise Partnership (LEP) has recently won a £100k contract from the Department for Business, Innovation and Skills (BIS) to support SMEs to develop their digital skills in order to exploit the business opportunities afforded by the provision of Superfast Broadband and other digital infrastructure.
2. The contract builds upon the existing delivery arrangement with BE via the Superfast West Yorkshire Programme and enables: a wider cohort of businesses to benefit from the support available; and businesses who have or are benefitting from the programme to extend the support received.
3. The contract with BIS runs from November 1st 2014 to March 31st 2015. It is vital that project delivery commences immediately without delay otherwise businesses will not be able to access the support available, funding draw down will not be maximised and the LEP's delivery for reputation will be damaged.

Recommendations

That the relevant contractor procedure rules are waived under Contracts Procedure Rules No 8.1 and 8.2 - intermediate value procurements and due to exceptional circumstances, BE Group are awarded the contract to deliver the specified elements of the Digital Skills SME Challenge Fund.

1 Purpose of this report

- 1.1 This report seeks approval from the Head of Economic Strategy for WYCA / LEP Director to waive Contract Procedure Rules 8.1 and 8.2 in order to appoint BE Group to deliver specified outputs on the BIS funded Digital Skills SME Challenge Fund.

2 Background information

- 2.1 The LEP successfully submitted a proposal to BIS under the SME Digital Capability Challenge Fund and have been awarded £100k to provide skills support to SMEs in order that they can exploit broadband and other digital infrastructure to improve their business. The successful proposal from the LEP was predicated upon extending the support available through the existing Business Support programme, operated on behalf of the LEP by West Yorkshire Superfast Broadband. The additional funds will allow businesses to increase the amount of support currently available to them and will enable businesses, that are not currently eligible for support, to participate.

3 Main issues

Reason for Contracts Procedure Rules Waiver

- 3.1 BE Group are an existing supplier to the Council and were procured via a competitive exercise to deliver the precise services that are required under this contract. Indeed, the successful proposal to Government was predicated upon building on BE Group's success in engaging SMEs to deliver a bespoke skills package to enable the business to increase its turnover arising from its digital presence and capacity. In many instances, the SMEs who will benefit from the additional support are existing customers of BE Group or are known to want the support that BE Group can provide but are not eligible under the existing Scheme.
- 3.2 As a result of the existing work undertaken by BE Group and the investments that have been made in engaging SMEs and developing the training materials, the unit cost of support proposed by BE Group has been discounted and represents good value for money.
- 3.3 It is also the case that the short timeframe available to deliver the required outputs and draw down the funding means there is no scope for undertaking a procurement exercise and potentially contracting with an organisation that would then inevitably need to gear up to deliver.
- 3.4 There is no internal service provider capable of undertaking the service.

Consequences if the proposed action is not approved

- 3.2 If the waiver is not approved the LEP would not be able to meet the timescales for delivering the contract and would not be able to draw down the funds to meet the demands of SMEs in the city region to support their business growth. In addition to this lost opportunity cost, the LEP would also risk reputational damage with Government at a crucial stage in negotiations around devolved responsibilities and funds.

Advertising

- 3.3 No advertising has or is proposed to take place for this commission due to the necessary short timescales for undertaking the work, and the past experience, knowledge and positive

track record of BE Group in undertaking similar work for the LEP and its Accountable Body – the Council.

4 Corporate Considerations

4.1 Consultation and Engagement

4.1.1 Extensive consultation has taken place across the Leeds City Region to develop and refine the Leeds City Region Skills Plan, the Strategic Economic Plan, the European Structural Investment Fund strategy and the Business Growth Hub proposals. This consultation, backed up by research undertaken by the Chamber of Commerce, confirms that provision and exploitation of broadband is a significant source of gross value added and a major contributor to the growth of small businesses. That research and consultation also confirms that SMEs require the skills and capability to exploit technology and to develop their digital trading and promotion capabilities.

4.2 Equality and Diversity / Cohesion and Integration

4.2.1 There are no equalities and diversity issues with this commission or cohesion and integration issues at this stage.

4.3 Council Policies and City Priorities

4.3.1 The Council's Leader and Chief Executive both sit on the Leeds City Region LEP Board, the body responsible for the overall strategic direction of the LEP's activities. The proposed activity to be carried out by BE Group directly helps to deliver aspects of the LEPs business growth and skills aspirations as set out in the Leeds City Region Strategic Economic Plan and the Leeds City Region Skills Plan.

4.4 Resources and Value for Money

4.4.1 BE Group has submitted a quotation of £53,710 to deliver:

- 200 businesses engaged via face to face master classes, taster sessions and online provision;
- 60 businesses undertaking further structured 12 hour programme of diagnosis and review/group workshops/master classes/individual support;

As an existing service provider with extensive understanding of the businesses and the skills issues facing the SME community, BE Group has been able to offer discounted unity costs to deliver the required outputs to a high standard by the deadline of 31 March 2015.

4.5 Legal Implications, Access to Information and Call In

4.5.1 The Chief Procurement Officer has advised that this invocation report is required to meet the Council's obligations of transparency and openness and therefore this is a matter properly falling within Contracts Procedure Rule 8. There are no other legal provisions requiring a further competition exercise to be undertaken.

4.6 Risk Management

4.6.1 There are no significant risks to be managed.

5 Conclusions

5.1 Approval of this waiver is required to successfully deliver this Government contract.

6 Recommendations

6.1 The Head of Economic Strategy for WYCA / LEP Director is recommended to approve the waiver of the following Contracts Procedure Rule(s):

*Contracts Procedure Rules No 8.1 and 8.2 – Intermediate value procurements**

“and award a contract to **(BE Group)** in the sum of **(£53,710)**. The contract shall commence on the **(17 November 2014)** and expire on the **(31 March 2015)**.”

7 Background documents

7.1 LEP Proposal – Digital Capability Challenge Fund.