

## 1. 2016-17 Procurement Report

- 1.1 The Chief Officer for the Projects Programmes and Procurement Unit is required to provide statistical procurement information to Executive Board every quarter. This report provides information in relation to **Q1-Q4 of the 2016/17** financial year.

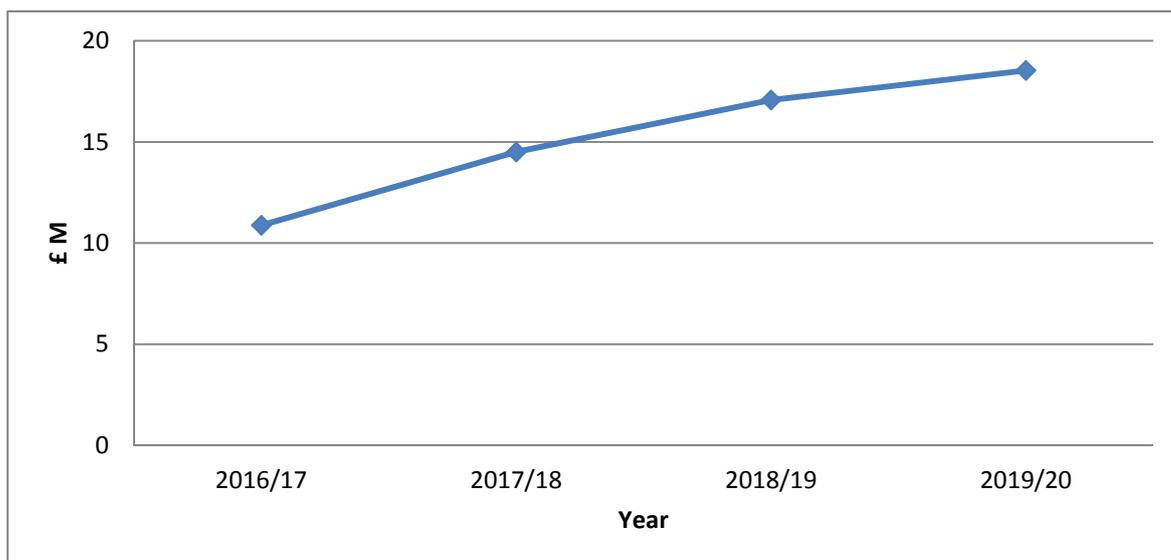
## 2. Procurement Savings

- 2.1 The delivery of procurements, and in turn procurement savings, are a result of cross-functional working with directorates. The procurement category teams work closely with directorate colleagues to seek to secure procurement and contract efficiencies and to reduce off-contract and non-contract spend. Agreeing and 'capturing' procurement savings, in discussion with directorates, enables budget holders to make informed choices and, where possible, translate identified saving opportunities into 'cashable' savings. The high level forecast savings are detailed below.

Updated March 2017	Prior Years £000s	2016/17 £000s	Future Years £000s	Projected Whole Life Saving £000s
Savings already deducted from previous year's and future budgets *	(18,312)	(5,356)	(8,161)	(31,828)
Additional Projected savings against the 2016/17 budget		(5,524)		(5,524)
<b>Total Forecast Savings on Current contracts</b>	<b>(18,312)</b>	<b>(10,880)</b>	<b>(8,161)</b>	<b>(37,352)</b>
<b>*Savings reflect the whole life of the contract and are reflected in the budget for the year the contract is awarded</b>				

- 2.2 Anticipated savings on new procurements for contracts awarded as at 31<sup>st</sup> March are £5.524m.
- 2.3 Forecast savings are based on predicted contract usage and will be updated on a quarterly basis to reflect this.
- 2.4 In addition to the cashable savings identified above, the savings report also identifies cost avoidance or 'non cashable savings', for example whereby having implemented good procurement controls, or contract management, a price increase has been avoided or where the re-procurement of a contract has resulted in 'more for less'. By definition it is difficult to prove these savings as they are not usually quantifiable from a budget perspective. Nevertheless they do demonstrate the value added by effective procurement intervention and add value to the process.

## 2.5 Graph of Cumulative Procurement savings 2016/17 to 2019/20



## 3. Orders Placed on the Financial Management System (FMS)

3.1 The following financial information is sourced from an analysis of all orders recorded in the council's main financial system, FMS. On the payments system, each creditor (a body or person to which a payment is made by the council) has an indicator on their record which allocates them to a category. Such categories include private companies, commercial individuals (sole traders), other public sector bodies, and the third sector. The classification of organisations is carried out by colleagues in corporate finance with typically several hundred new creditor organisations allocated to a category each month.

3.2 These figures do not include orders placed through feeder systems, such as Orchard<sup>1</sup>, purchasing cards, or payment requisitions where BACS or cheque payments are made through FMS without the Business Support Centre processing an invoice and where therefore there is no associated order.

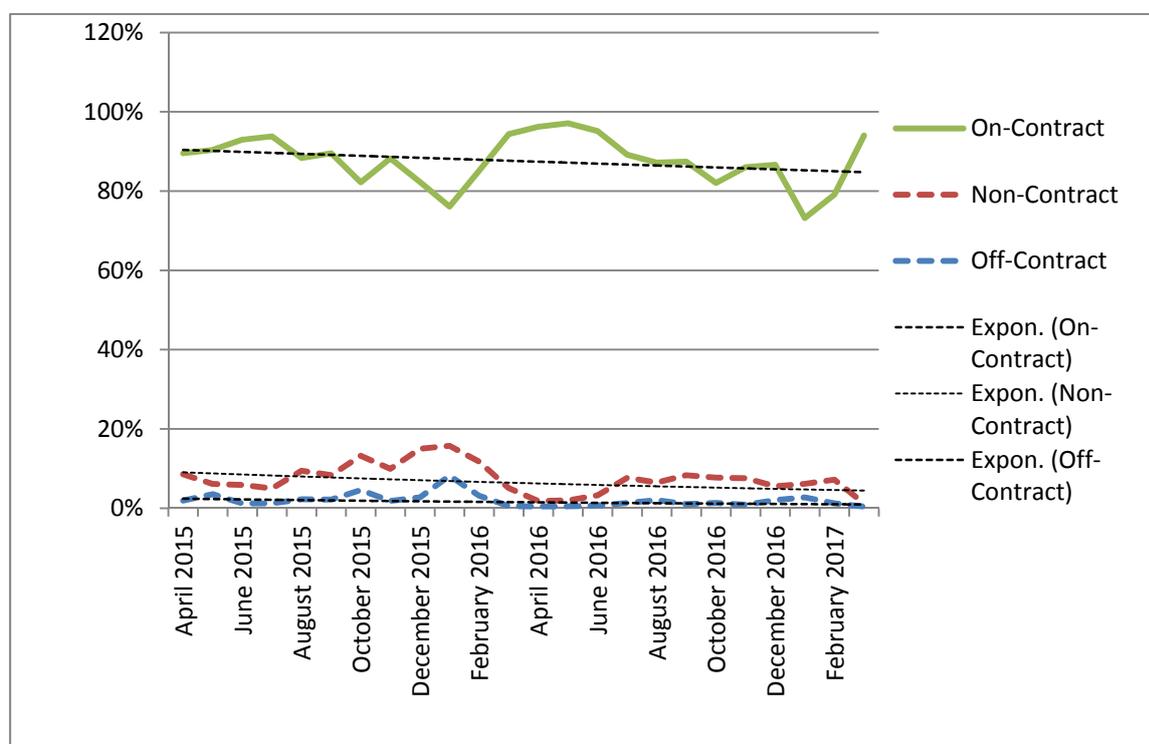
3.3 The table below shows all orders placed in FMS during Q1-Q4 2016/17. Data from the corresponding period in 2015/16 is included for comparison.

Classification	Q1-Q4 2015/16			Q1-Q4 2016/17		
	Order Value	Number of Orders	% of Total	Order Value	Number of Orders	% of Total
On Contract	£285,550,822	16523	76.24%	£317,604,459	15148	72.41%
Non-Contract	£24,588,044	15727	6.56%	£13,603,371	12516	3.10%
On Contract - Quasi	£51,356,377	6235	13.71%	£82,380,302	7363	18.78%
On Contract - Waiver	£1,181,926	81	0.32%	£5,064,782	911	1.15%
Off-Contract	£7,836,405	3109	2.09%	£3,141,584	1359	0.72%
Non-Contract - One off or non-influenceable	£4,031,969	1304	1.08%	£14,373,845	3259	3.28%
<b>Grand Total</b>	<b>£374,545,544</b>	<b>42979</b>	<b>100.00%</b>	<b>£438,616,559</b>	<b>41648</b>	<b>100.00%</b>

<sup>1</sup> Orchard is used by various council functions for dealing with the financial aspects of council owned property, for example to pay contractors for undertaking repairs to the housing stock.

## On, off and non-contract orders placed on FMS

3.3.1 The graph below shows the percentage of on, off and non-contract orders placed on FMS from April 2015 to March 2017.



## 4. Local Suppliers

4.1 Orders placed with local suppliers in **Q1-Q4 2016/17** are detailed below. Data from the corresponding period in 2015/16 is included for comparison.

Classification	Q1-Q4 2015/16			Q1-Q4 2016/17		
	Order Value	Number of Orders	% of Total	Order Value	Number of Orders	% of Total
Local Spend	£156,635,556	18986	41.82%	£223,467,424	17234	50.95%
Non-Local Spend	£217,909,988	23993	58.18%	£215,149,135	24414	49.05%
<b>Grand Total</b>	<b>£374,545,544</b>	<b>42979</b>	<b>100.00%</b>	<b>£438,616,559</b>	<b>41648</b>	<b>100.00%</b>

Suppliers with a Leeds metropolitan area postcode have been included in the above data. These are postcodes LS1 to LS29 plus BD3, BD4, BD10, BD11, WF2, WF3, WF10, WF12, WF17.

## Third sector

- 5.1 Orders placed with third sector suppliers in **Q1-Q4 2016/17** are detailed below. Data from the corresponding period in 2015/16 is included for comparison.

Classification	Q1-Q4 2015/16			Q1-Q4 2016/17		
	Order Value	Number of Orders	% of Total	Order Value	Number of Orders	% of Total
Third Sector	£67,775,782	5132	18.10%	£89,180,361	2817	20.33%
Non Third Sector	£306,769,761	37847	81.90%	£306,069,620	37855	69.78%
<b>Grand Total</b>	<b>£374,545,544</b>	<b>42979</b>	<b>100.00%</b>	<b>£438,616,559</b>	<b>41648</b>	<b>100.00%</b>

## 6. Small and Medium Enterprises (SMEs)

- 6.1 Orders placed with SMEs in **Q1-Q4 2016/17** are detailed below. Data from the corresponding period in 2015/16 is included for comparison.

Classification	Q1-Q4 2015/16			Q1-Q4 2016/17		
	Order Value	Number of Orders	% of Total	Order Value	Number of Orders	% of Total
Not an SME	£180,488,707	16255	48.19%	£219,490,149	15438	50.04%
SME	£194,056,837	26724	51.81%	£219,126,410	26210	49.96%
<b>Grand Total</b>	<b>£374,545,544</b>	<b>42979</b>	<b>100.00%</b>	<b>£438,616,559</b>	<b>41648</b>	<b>100.00%</b>

## 7. Glossary

- 7.1 **On contract** is an order placed with a contracted supplier.
- 7.2 **Non-contract** is an order placed where no contract exists for the goods or service.
- 7.3 **Off contract** is an order placed where there is a contracted supplier but the order raiser uses a different supplier.
- 7.4 **Waivers** are required where the relevant Chief Officer is able to justify a genuine exception to the requirements for competition under Contract Procedure Rules.
- 7.5 **Quasi** contracts are virtual contracts put in place to aggregate spend with a view to evaluating the requirements of a contract.
- 7.6 The Local Government Association defines the third sector as “non-governmental organisations” (NGOs) that are value-driven and which principally reinvest their surpluses to further social, environmental or cultural objectives.
- 7.7 **Third sector** includes charities, community groups, churches and faith groups, sports and recreational clubs, social enterprises and partnerships and trade unions and associations.
- 7.8 **SMEs** are defined as having a turnover of less than £25.9 million and fewer than 250 employees. This data was collated by using the categorisation selected by the supplier upon registration on YORtender (the council's electronic tendering site) and then verified where possible against data from the Department of Business Innovation and Skills.