

Report of Chief Officer PPPU

Report to Corporate Governance and Audit Committee

Date: 7 April 2017

Subject: Procurement Assurance Report

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" 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 checked="" type="checkbox"/> No

Summary of main issues

Following a request by the Corporate Governance and Audit Committee this report provides information and assurance on procurement policies and practices within the remit of the Chief Officer Projects Programmes and Procurement Unit.

Each Directorate is accountable for the procurements that they need to secure the outcomes they are responsible for. The Projects Programmes and Procurement Unit (PPPU) is accountable for provision of professional support to complex procurement activity. From the review, assessment and on-going monitoring carried out, the Chief Officer PPPU has reached the opinion that procurement policies and practices are up to date, fit for purpose, and effectively communicated. The Procurement Strategy itself will be updated and refreshed during 2017/18. Off-contract spend continues to reduce however whilst there is general compliance with policies, limited areas have been identified for improvement by audit and monitoring.

Recommendations

Members are requested to consider and note the assurances provided in this report in relation to procurement policies and practices, and in particular; the assurance provided that procurement policies and practices are compliant with legislation, up to date, fit for purpose, and effectively communicated; and that off and non-contract spend continues to reduce year on year.

1 Purpose of this report

- 1.1 This is the first of a proposed annual report to the committee concerning the Council's procurement function.
- 1.2 Members are asked to consider the ongoing work to maintain effective procurement support tools and guidance, and note the assurance offered by the Chief Officer PPPU.

2 Background information

- 2.1 The Council procures a very wide range of goods, works and services, including front-line services and back-office support. The Council's spend with third parties through procurement and commissioned activity amounts to in excess of £600m per annum.
- 2.2 Contracts Procedure Rules form part of the Council's Constitution and are required to be adopted by local government legislation. These are supported by a suite of documents accessible by commissioners on InSite.
- 2.3 Each Directorate is accountable for the procurements that they need to secure the outcomes they are responsible for. The Projects Programmes and Procurement Unit (PPPU) is accountable for provision of professional support to complex procurement activity. Support provided by the Unit includes procurement processes and compliance with procurement legislation, identifying and working with services to reduce off-contract spend, procurement savings, and general check and challenge.
- 2.4 During 2012 a comprehensive review of procurement was undertaken, the Transforming Procurement Programme, following which a new approach to procurement activity was implemented through a new Procurement Strategy, including category management, a whole lifecycle approach, clear roles and responsibilities, and new documentation which could be tailored proportionate to the risks and value of procurement activity.
- 2.5 'Commissioning' is defined in the procurement Strategy as 'the entire cycle of assessing the needs of people in a local area, designing and putting into place goods, works and services to meet those needs, and monitoring and evaluating the outcomes. In a commissioning approach, the council seeks to secure the best outcomes for local communities by making use of all available resources, whether the resources are provided in-house, externally or through various forms of partnership. This activity continues throughout the whole lifecycle'.
- 2.6 'Procurement' is defined in the procurement Strategy as 'the tasks and decisions which secure an external provider to provide what we want, at a price that we can afford. Activity is focused on the period from prior to advertising a tender to signing the contract. It includes both competitive tenders and circumstances where we negotiate with a single supplier'. The procurement phase is key to enabling the contract management to be robust and flexible to demand, and offer remedies for contractor failures.

2.7 This report reflects procurement activity during 2016/17, with the intention that future reports will cover each financial year.

3 Main issues

Procurement activity during 2016/17

3.1 The Unit's resources have been prioritised to supporting high value and/or complex (from a risk perspective) activity. To enable this a training programme was delivered for commissioning officers in relation to use of the procurement tools on a 'self-help' basis for procurements with a value of £100k or less and in the use of "non-complex" procurement documentation which has been developed for use on these procurements. Where non-standard terms and conditions are proposed, these are always required to be vetted through the commercial team within the Unit.

3.2 The Council meets other regional authorities through a Strategic Procurement Group which meets monthly to share best practice, act as the voice of the region nationally on procurement issues, and identify collaboration opportunities. The group reports periodically to the Yorkshire and Humber Chief Executives Group, The most recent report is attached at Appendix 2

3.3 A quarterly return (which forms an annex to the Chief Finance Officer's financial health monitoring report to Executive Board) provides data in respect of on and off contract spend analysis, spend with SMEs and third sector, and procurement savings activity. The latest report (Q1-3 2016/17) is contained at Appendix 3.

Contracts Procedure Rules

3.4 Section 135 of the Local Government Act 1972 requires local authorities to make standing orders for procurement activity, including securing competition and regulating tenders. Contracts Procedure Rules form part of the Council's Constitution

3.5 Contracts Procedure Rules are regularly updated to reflect changes in legislation and Council policy. The last update was in July 2016 to incorporate the following amendments:

- Reference to the new Concessions Contracts Regulations 2016
- Reference to circumstances where PPPU must be consulted, to include mid-scale or complex procurements registered as such in the project registration process
- To allow officers to either invite tenders using an open advert or invite tenders from 4 selected contractors when inviting tenders for procurements between £100k and EU procurement thresholds.
- A new rule requiring authorised officers to carry out a privacy impact assessment (PIA) before they begin a procurement.

3.6 Procurement Strategy

- 3.7 The Council's Procurement Strategy was last updated in 2015 but is now due for a complete review, to take place during 2017/18.

The Procurement Strategy has the following ambition:

to deliver the best commissioning, procurement and contracting in the country, where:

- We achieve value for money for the public
- We support the delivery of quality outcomes for service users
- We support the wider ambitions of the council and its partners
- Providers of all sizes and from all sectors want to deliver for Leeds
- Procurement professionals want to work for Leeds, and
- We are recognised nationally as a centre of excellence

- 3.8 At the core of the Strategy is a category management and whole life-cycle approach, which fits with the National Procurement Strategy 2014. The Council's Procurement Strategy already contained most of the recommendations within the later National Procurement Strategy, within the themes of Making Savings, Supporting Local Economies, Leadership, and Modernising Procurement (including a more commercial approach to the commissioning cycle).

Procurement tools and documents

- 3.9 Appendix 4 contains a list of the key procurement documents and tools. The delivery documents are refreshed regularly to reflect legislation and council policy, and have all been refreshed over the last 12 months. Most of the planning documents have also been reviewed in the last financial year, with the exception of the Category Plan and the Trade Union Protocol. These two documents are currently under review, and the workshop packs (which are not used widely as originally anticipated) are being replaced by a smaller number of more focused guidance documents.
- 3.10 Separately, a working group is producing a toolkit to support implementation within procurement activity of the Social Value Charter which was adopted by the Council in May 2016.

Communicating the Strategy and procurement policies

- 3.11 The Strategy and supporting tools are contained within seven InSite toolkits dedicated to procurement and category management which are updated when changes are made, with key changes being further communicated on the InSite carousel.
- 3.12 Within PPPU, a Procurement Practitioner Group meets on a monthly basis to share issues and best practice, and training sessions are organised for

procurement staff and commissioners when new significant policy changes are implemented. The number of staff who are CIPS qualified (Chartered Institute of Procurement and Supply) is increasing, with an additional five members of staff taking the diploma in the current financial year, and the Unit is looking to continue to increase the number again in the 2017/18 financial year.

- 3.13 The Unit also hosts the Commissioners' procurement Group (formerly Corporate Commissioner Group), which provides updates and shares best practice between procurement staff and commissioners, and also reviews and provides feedback on the procurement documentation.
- 3.14 Each Category team within the Unit (there are six covering all the Council's procurement activity) works closely with commissioning staff within directorates to ensure compliance with CPRs and use of the correct documentation and governance processes

YORtender electronic procurement portal

- 3.15 The Council (along with other Y&H regional authorities) has used YORtender as its procurement portal, enabling electronic tendering for the vast majority of procured spend. Contracts procedure Rules require all spend over £10k to be registered through YORtender.

Transparency and open data

- 3.16 Local authorities are obliged to publish the following information under the Government's Transparency Code
- 3.17 Local authorities must publish details of every invitation to tender for contracts to provide goods and/or services with a value that exceeds £5,000. For each invitation, the following details must be published:
- reference number
 - title
 - description of the goods and/or services sought
 - start, end and review dates, and
 - local authority department responsible.

This requirement is complied with through publication through the YORtender portal, which also automatically advertises opportunities over £10 000 on the Government Contracts Finder site (another government requirement), and manual analysis of any spend exceeding £5 000 within FMS.

- 3.18 Local authorities must also publish details of any contract, commissioned activity, purchase order, framework agreement and any other legally enforceable agreement with a value that exceeds £5,000. For each contract, the following details must be published:

- reference number
- title of agreement
- local authority department responsible
- description of the goods and/or services being provided
- supplier name and details
- sum to be paid over the length of the contract or the estimated annual spending or budget for the contract
- Value Added Tax that cannot be recovered
- start, end and review dates
- whether or not the contract was the result of an invitation to quote or a published invitation to tender, and
- whether or not the supplier is a small or medium sized enterprise and/or a voluntary or community sector organisation and where it is, provide the relevant registration number.

The Council's Contracts Register published on the Data Mill fulfils this requirement. This relies on Directorates registering contract on the YORtender portal in accordance with CPRs.

Monitoring Contracts Procedure Rules

- 3.19 Contracts Procedure Rules require Chief Officers to involve and/or consult with the Chief Officer PPPU for specified procurement activity, and also requires the Chief Officer to be informed of the following activity: waivers, extensions, variations of high value contracts, where the template procurement plan or contract management plan is not to be used, breaches of CPRs and where ISPs (internal service providers) are not used. Members should note that aside from monitoring of non and off contract spend and waiver activity, current resources do not permit additional significant monitoring of compliance, however the contract award process for contracts above £100k, and internal audit reports offer further assurance around compliance.
- 3.20 Contracts Procedure Rules allow certain rules to be waived in circumstances where Chief Officers consider that course of action to be justified, provided that a decision to waive Contracts Procedure Rules is always at least a Significant Operational Decision for the purposes of the Constitution (therefore requiring publication). The Chief Officer PPPU should be informed when waivers are approved by Chief Officers.
- 3.21 PPPU issued updated CPRs in August 2016. PPPU are maintaining a log of waivers of CPRs. The attached appendix 5 shows the analysis of 102 waivers of CPRs 8.1 and 8.2 and 9.1 and 9.2 in the period April 2015 to March 2016.

- 3.22 The Unit's Portfolio Management Office (PMO) will continue to monitor the use of waivers and reports the information to Scrutiny Board. This affords an opportunity to advise Scrutiny Board if there are consistent breaches of CPRs with respect to the use of waivers
- 3.23 Internal Audit carry out audit activity on a small number of specific procurements each year. Additionally they have also carried/are in the process of general audits in the following areas during 2016/17: contract extensions (following a 2015/16 audit opinion which was overall good for the control environment and acceptable for compliance with the control environment, but one objective (decisions on extensions) received a limited opinion for compliance; Procurement governance audit, which has focussed on non and off contract spend (the report is awaited and follows a previous report which concluded there was limited compliance for the spend analysed.

On/off contract spend

- 3.24 The Unit's PMO continue to monitor off contract spend through FMS, actively collaborating with colleagues in the wider council including the Business Support Centre, Corporate Finance and directorates (via their feeder systems) in order to have visibility of non and off-contract spend.
- 3.25 The PMO produce monthly and quarterly reports detailing non and off-contract spend. These reports are used to inform monthly meetings with PPPU Category Managers and their meetings with directorate contacts. The activity has enabled off contract spend to be reduced to c. 0.7% of total spend this financial year, well within the Unit's target of 2.5%.
- 3.26 Where invoices/payments are processed via the council's financial management system (FMS Leeds), contract and other procurement information is captured at the point when the order is raised and non-contract/off-contract spend can be monitored via FMS Leeds reporting
- 3.27 Where orders for goods and services originate from other departmental ordering systems, these are processed through FMS Leeds for payment. The feeder files uploaded to FMS have not historically contained contract and other procurement information. As such, it has not been possible to report contract/off-contract spend from these feeder systems from FMS Leeds without manual intervention.

However, over the past few months the PMO, following support from Scrutiny Board (Strategy and Resources) and through working with colleagues in the wider Council, have been able to implement ways in which contract data can be captured in the feeder systems which will aid the automation of data matching. Several feeder systems have been improved to enable spend analysis without manual intervention, which is a significant improvement in visibility for the council.

Challenges to procurement activity

- 3.28 There have been a number of requests for additional information in response to standstill letters however none of those requests have developed into formal proceedings challenging the decision by the Council on award. It should be noted

however that i) requests for additional feedback and querying of evaluation scores are becoming more frequent, and ii) there have been more court cases recently nationally, and the courts have not hesitated to scrutinise records and scoring by authorities.

Brexit

- 3.29 This is being kept under review, and Leeds has contributed to a review by the Local Government Association in respect of procurement rules after the UK leaves the EU. There are no current implications.

Savings initiatives

- 3.30 The Unit continues to look for savings through collaboration, and within individual procurements. Additionally the Unit has supported specific savings initiatives such as an early payment scheme in return for discounts on payments.

FOI requests

- 3.31 The unit continues to receive increasing numbers of FOI requests. In the 9 months to December 2016 a total of 73 were received. Many of the requests relate to information available on Leeds Data Mill (see paragraphs 3.26 to 3.28 above).

4 Corporate Considerations

Consultation and Engagement

- 4.1 Reviews of template procurement documentation involve consultation with users in the services. The annual CPR review involves wider consultation involving commissioners, and the City Solicitor. Third sector representatives are periodically asked whether any barriers exist to small/third sector organisations, and any comments are fed into the document reviews.

Equality and Diversity / Cohesion and Integration

- 4.2 There are no implications for this report. The procurement processes require consideration of equality matters and social value within procurement activity

Council policies and Best Council Plan

- 4.3 Effective procurement activity supports the Council's ambitions of a strong economy and a compassionate city. Individual procurements support most/all of the Council's priorities and breakthrough projects.

Resources and value for money

- 4.4 The Chief Procurement Officer considers that the systems and processes in place continue to represent an appropriate use of resources and good value for money. Additionally the procurement activity supported enables both cashable and non-cashable savings to be made in the commissioning lifecycle.

Legal Implications, Access to Information and Call In

- 4.5 The Chief Officer is satisfied that the arrangements put in place through the Procurement Strategy, Contracts procedure Rules and procurement tools and documentation meet all legal requirements.
- 4.6 This report is not eligible for call-in

Risk Management

- 4.7 The Chief Officer PPPU gives assurance that the systems and processes that form part of the Council's procurement framework are currently functioning well. One of the Strategy and Resources Directorate risks relates to risk of procurement challenge. As set out in paragraph 3.38 above there have been no formal challenges to procurement activity in the year to date, and work is continuing to ensure the tender guidance is embedded through training and monitoring.

5 Conclusions

- 5.1 From the review, assessment and ongoing monitoring carried out the Chief Officer PPPU has reached the opinion that, overall, systems are operating effectively and that there are no fundamental control weaknesses. Compliance remains an issue in some areas, notably around justification in reports considering waivers.

6 Recommendations

- 6.1 Members are requested to consider and note the assurances provided in this report in relation to procurement policies and practices, and in particular; the assurance provided that procurement policies and practices are compliant with legislation, up to date, fit for purpose, and effectively communicated; and that off and non-contract spend continues to reduce year on year.

7 Background documents¹

- 7.1 None

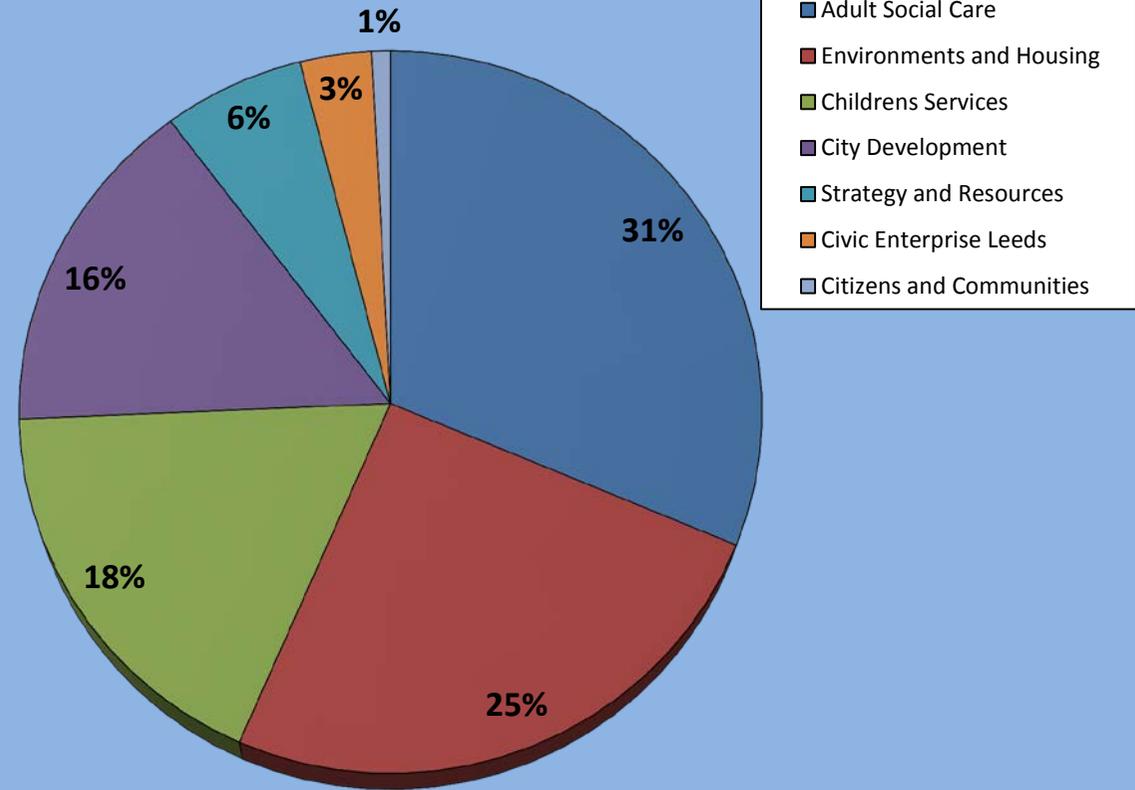
¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

Procurement Expenditure by Directorate

April 2016 to Dec 2016

Directorate	£ Amount	% of Expenditure
Adult Social Care	£193,533,903	31.35%
Environments and Housing	£155,398,284	25.17%
Childrens Services	£109,899,795	17.80%
City Development	£94,871,030	15.37%
Strategy and Resources	£38,859,675	6.29%
Civic Enterprise Leeds	£19,676,559	3.19%
Citizens and Communities	£5,148,856	0.83%

Total Procurement Expenditure **£617,388,102**



Attn: Yorkshire and Humber Chief Executives Group

From: YorProcure / Strategic Procurement Group

Date: 27 January 2017

Purpose of this report:

This report provides the Yorkshire and Humber Chief Executives Group (CEX) with:

- An update on the progress of the YorProcure Strategic Procurement Group (SPG) to implement the actions set out below which were agreed by the CEX in June 2016:
 - ✓ Develop and implement a collaboration strategy
 - ✓ Implement the SPG forward plan
 - ✓ Explore the development of social care commissioning frameworks
 - ✓ Provide a regional update (key statistics)
- The forward plan for 2017 including regional priorities and data

Recommendations:

Report item		Request of CEX
1	Background information	To note the background information
2	Collaboration Strategy	To note the revised Collaboration Strategy
3	2016 SPG key activity and data	To note the 2016 SPG key activity and data
4	SPG roles and responsibilities 2017	To note the new SPG roles and responsibilities 2017
5	2017 SPG regional developments and priorities	To note 2017 developments and priorities

1. Background information

The objectives of SPG are to undertake the following activities:-

- ✓ 1 Lobby / be the voice of the region
- ✓ 2 Horizon scan for opportunities – collaboration / innovation
- ✓ 3 Knowledge sharing (e.g. sharing of best practice)
- ✓ 4 Stakeholder engagement/coordination
- ✓ 5 Market shaping
- ✓ 6 Encourage representation across the whole region

Work streams of activity are undertaken to address each of the objectives during the course of the year.

Chief Executives are asked to note the background information

2. Collaboration Strategy

The SPG Collaboration Strategy has been developed to give a central focus to market shaping rather than bulk buying. At the meeting on 17 June 2016 the Yorkshire and Humber Chief Executives Group endorsed this approach. The revised strategy can be found in Appendix 1 of this report for information.

Chief Executives are asked to note the Collaboration Strategy

3. 2016 SPG key activity and data

A range of stakeholders have attended SPG meetings during 2016 to develop strategy, relationships, horizon scan for opportunities, share knowledge and best practice, and facilitate market shaping.

3.1 Key activities

Key activities undertaken by the group can be found in Appendix 2 of this report. In summary SPG has focussed efforts on strategic supplier engagement and policy development as first steps to date.

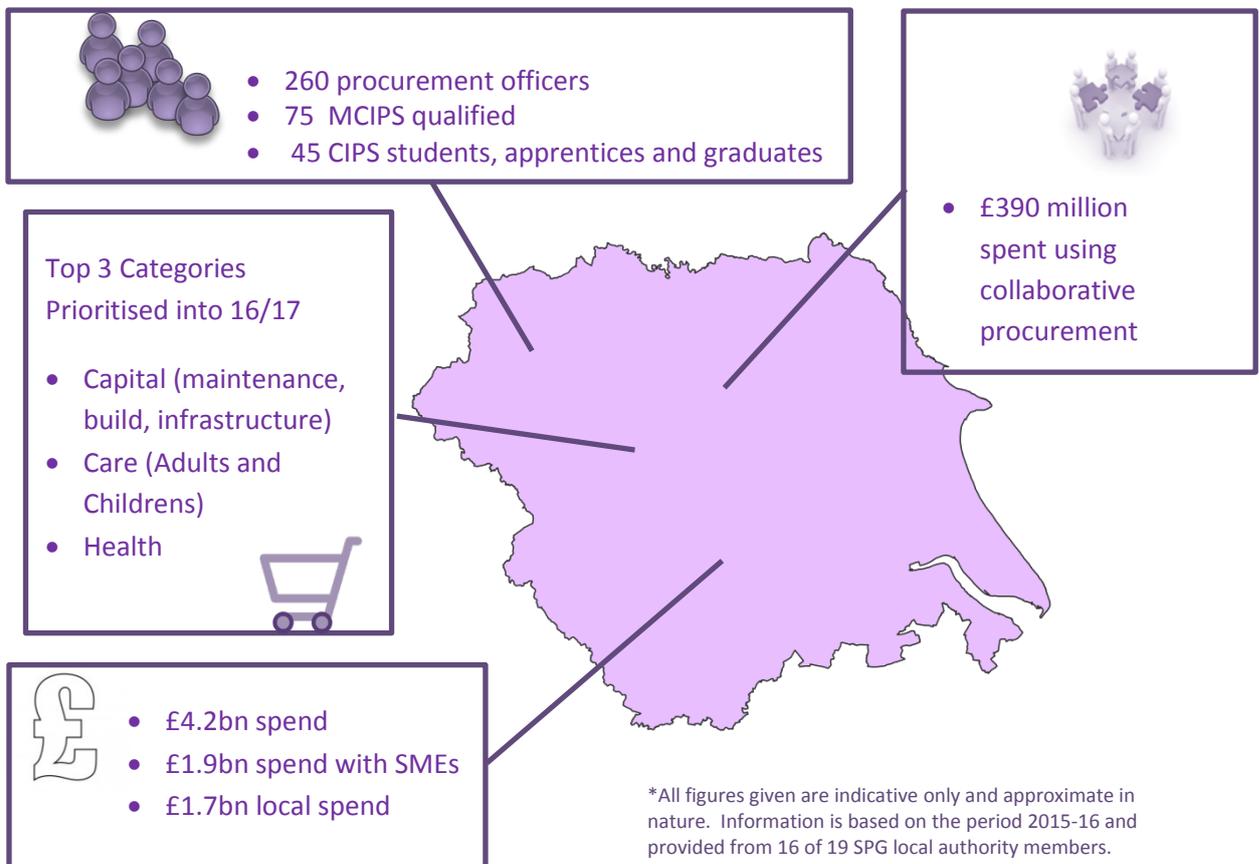
The emphasis has been to reshape relationships with key suppliers we consistently use across the region to leverage greater opportunity and in future use their capacity to help us problem-solve. Operational issues that members address with their suppliers can and should be addressed locally outside SPG meetings.

The emphasis has resulted in a future programme of work with key stakeholders and suppliers which include a workshop between SPG and Yorkshire Purchasing Organisation (YPO) with a focus on innovation in adult social care.

In addition, SPG remain engaged nationally and regionally to help shape policies via engagement with groups and organisations such as the Local Government Association - National Advisory Group for Procurement (NAG) and Crown Commercial Services (CCS).

3.2 Indicative statistics 2016*

Sixteen of the nineteen Local Authority SPG members have provided the data set out below which provides a flavour of procurement activity, spend, and category management priorities across the region. The data is indicative in nature but comes from a robust sample size. It is intended that this data will inform our 2017 forward plan priorities.



Chief Executives are asked to note 2016 key activities and data

4. SPG roles and responsibilities 2017

The SPG Chair: Marianne Betts (Sheffield City Council), and Deputies: Denise Bann (Doncaster Metropolitan Council) and Neil Daynes (Hull City Council) stood down at the end of 2016. The new appointments for 2017 are:

Role	Officer	Organisation
Chair	Denise Bann	Doncaster Metropolitan Borough Council
Deputy Chair	Kevin Draisey	North Yorkshire County Council
Deputy Chair	Jane Lockwood	Kirklees Council
Local Government Association National Advisory Group for Procurement (NAG) representatives	Deputy Chairs	
Programme Management	Keri Wilkins	Leeds City Council
Training and development lead	Deborah Gaunt	Calderdale Metropolitan Borough Council

A full list of SPG members can be found at Appendix 3.

Chief Executives are asked to note the SPG 2017 roles and responsibilities

5. 2017 regional developments and priorities

5.1 Regional developments

Common themes emerging for the region regarding procurement are still heavily focussed on changing existing procurement practices/models of procurement delivery and implementing central government policies within the supply chain.

Regional developments

Restructuring of procurement services to include aspects such as category management and bringing services in-house

Improving procurement processes with a focus on standardisation and savings

Ensuring compliance with procurement processes

Improving finance systems including procure-to-pay and purchasing cards

Including social value in procurement outcomes

5.2 Future priorities

The region is already sharing best practice from those authorities who have already embedded the models being pursued by others. But further opportunity lies in focussing on the following in particular:

1. Better spend analytics
2. Market engagement and shaping including work with Yorkshire Purchasing Organisation e.g. on adult social care innovation and commissioning
3. Training and development including a training programme of free monthly events for up to 200 officers per annum across the region. The programme has a focus on developing commercial skills including contract management for procurement officers around the region.
4. National procurement developments including work with the other 8 regions (equivalent to the Y&H region) on procurement priorities

SPG members are proposing to take forward these priorities in 2017, whilst recognising that not all authorities have the capacity. In this connection, we will also continue to data share to ensure the region as a whole benefits.

The Forward Plan for 2017 can be found in Appendix 4 of this report for information.

Chief Executives are asked to note 2017 developments and priorities

Recommendations:

Report item		Request of CEX
1	Background information	To note the background information
2	Collaboration Strategy	To note the revised Collaboration Strategy
3	2016 SPG key activity and data	To note the 2016 SPG key activity and data
4	SPG roles and responsibilities 2017	To note the new SPG roles and responsibilities 2017
5	2017 SPG regional developments and priorities	To note 2017 developments and priorities

Appendices

- Appendix 1 – SPG Collaboration Strategy
- Appendix 2 – SPG activity and data 2016
- Appendix 3 – SPG core membership
- Appendix 4 – SPG forward plan 2017

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-Q3 of the 2016/17** financial year.

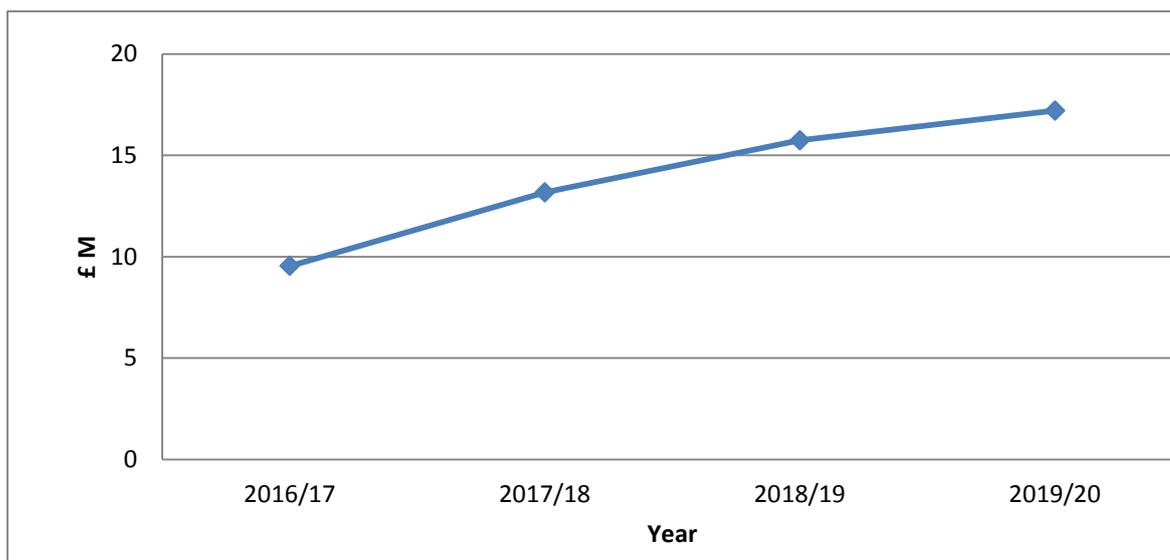
2. Procurement Savings

- 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 December 2016	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)	(9,083)	(32,750)
Additional Projected savings against the 2016/17 budget		(4,189)		(4,189)
Total Forecast Savings on Current contracts	(18,312)	(9,546)	(9,083)	(36,940)
*Savings reflect the whole life of the contract and are reflected in the budget for the year the contract is awarded				

- 2.2 Anticipated savings on new procurements for contracts awarded as at 31st December are £4.189m.
- 2.3 Forecast savings are based on predicted contract usage and will be updated on a quarterly basis to reflect this.
- 2.4 Further savings are anticipated in the remainder of the year however as market conditions dictate the final tender values, savings will only be calculated, and incorporated, once the final tender values are known.
- 2.5 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 quantify these savings as they are usually difficult to price, or 'prove', from a budget perspective. Nevertheless they do demonstrate the value added by effective procurement intervention and add value to the outcomes for the city.

2.6 Graph of Cumulative Procurement savings Forecast from 2016/17 to 2019/20



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

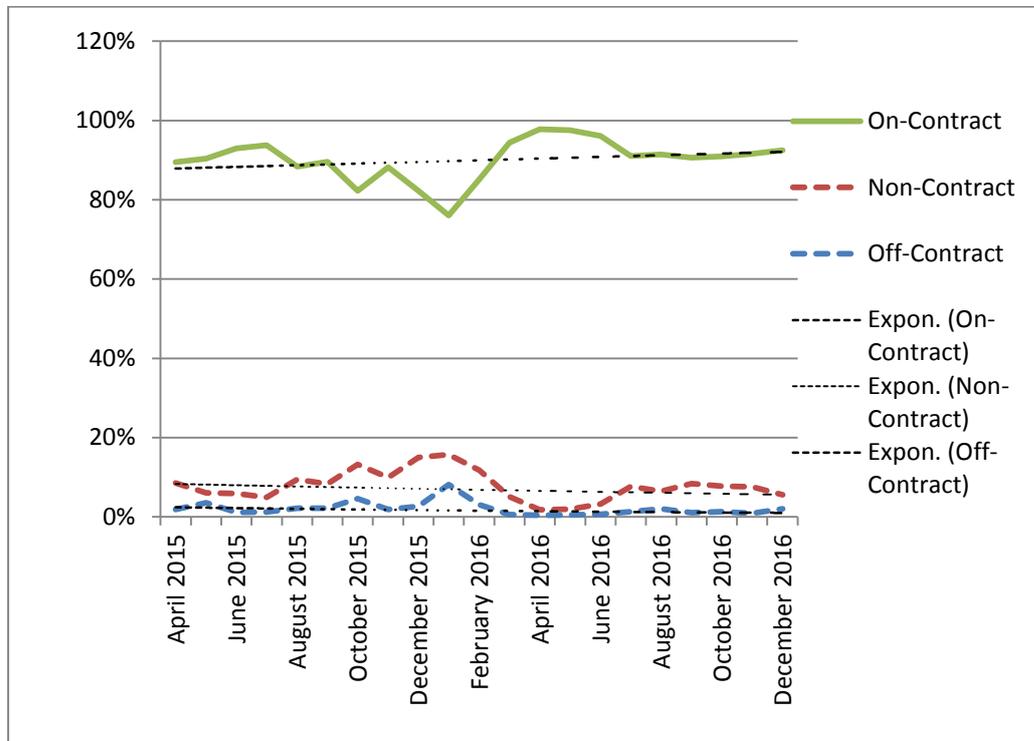
- 3.1 The following financial information is sourced from an analysis of all orders recorded in the council's main financial system, FMS. On the payments system, each creditor (a body or person to which a payment is made by the council) has an indicator on their record which allocates them to a category. 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 Orchard¹, 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-Q3 2016/17. Data from the corresponding period in 2015/16 is included for comparison.

Classification	Q1-Q3 2015/16			Q1-Q3 2016/17		
	Order Value	Number of Orders	% of Total	Order Value	Number of Orders	% of Total
On Contract	£220,456,436	12409	75.56%	£228,598,377	11407	69.67%
Non-Contract	£19,647,344	11936	6.73%	£11,068,637	9286	3.37%
On Contract - Quasi	£41,103,906	4534	14.09%	£73,903,194	5563	22.52%
On Contract - Waiver	£953,413	58	0.33%	£3,620,663	505	1.10%
Off-Contract	£6,490,654	2461	2.22%	£2,333,433	1106	0.71%
Non-Contract - One off or non-influenceable	£3,124,767	927	1.07%	£7,035,899	2257	2.14%
Grand Total	£291,776,520	32325	100.00%	£328,119,432	30891	100.00%

¹ 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 December 2016.



4. Local Suppliers

4.1 Orders placed with local suppliers in **Q1-Q3 2016/17** are detailed below. Data from the corresponding period in 2015/16 is included for comparison.

Classification	Q1-Q3 2015/16			Q1-Q3 2016/17		
	Order Value	Number of Orders	% of Total	Order Value	Number of Orders	% of Total
Local Spend	£119,217,586	14269	40.86%	£157,698,727	12536	48.06%
Non-Local Spend	£172,558,934	18056	59.14%	£170,420,705	18355	51.94%
Grand Total	£291,776,520	32325	100.00%	£328,119,432	30891	100.00%

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.

5. Third sector

- 5.1 Orders placed with third sector suppliers in **Q1-Q3 2016/17** are detailed below. Data from the corresponding period in 2015/16 is included for comparison.

Classification	Q1-Q3 2015/16			Q1-Q3 2016/17		
	Order Value	Number of Orders	% of Total	Order Value	Number of Orders	% of Total
Third Sector	£52,257,226	3948	17.91%	£89,180,361	2817	27.18%
Non Third Sector	£239,519,295	28377	82.09%	£238,939,071	28074	72.82%
Grand Total	£291,776,520	32325	100.00%	£328,119,432	30891	100.00%

6. Small and Medium Enterprises (SMEs)

- 6.1 Orders placed with SMEs in **Q1-Q3 2016/17** are detailed below. Data from the corresponding period in 2015/16 is included for comparison.

Classification	Q1-Q3 2015/16			Q1-Q3 2016/17		
	Order Value	Number of Orders	% of Total	Order Value	Number of Orders	% of Total
Not an SME	£149,224,465	12227	51.14%	£168,268,376	11748	51.28%
SME	£142,552,055	20098	48.86%	£159,851,056	19143	48.72%
Grand Total	£291,776,520	32325	100.00%	£328,119,432	30891	100.00%

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.

Procurement Documents Guide

Procurement strategy (the council's procurement policy)																																								
Contracts procedure rules (the council's procurement rules for any stage in your procurement, including when you are not undertaking a competitive tender)	Assurance guide (a guide to help you navigate decision making, documents, consultation and quality assurance at any stage in your procurement)																																							
<p style="text-align: center;">Planning documents (tools to help you consider and record all key issues before you get underway)</p> <p>Annual review notes Exit plan End of contract report Category plan communications plan (PM lite) Procurement scoping notes Procurement plan Contract management plan TUPE Union protocol</p>	<p style="text-align: center;">Delivery documents (tools to help you consider and use appropriate tender and contract documents)</p> <p>Pre-qualification questionnaire (PQQ) Below threshold suitability assessment guidance Part 1 – Tender instructions including: Tender schedule Pricing schedule Part 2 – Specification Part 3 – Contract terms and conditions Financials Tender evaluation guidance Tender evaluation methodology Tender evaluation scoresheet booklet</p>																																							
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