

# Finance and Resources Committee

10.00am, Thursday 15 January 2015

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

Item number	7.14
Report number	
Executive/routine	
Wards	All

### Executive summary

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The City of Edinburgh Council has awarded a total of £43.5m of contracts to a variety of supplier organisations from 1 September to 30 November 2014, with the annual value of live contracts operating during this period totalling £510.5m. During the period contracts worth £2.1m 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 £2.2m have been awarded in the period from 1 September to 30 November 2014. This report updates Committee in relation to contracts awarded under such approval thresholds.

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

### Links

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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 note the contents of this report and the authorisations made under delegated authority.

### Background

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- 2.1 The City of Edinburgh Council has awarded a total of £43.5m of contracts to a variety of supplier organisations in the period from 1 September to 30 November 2014.
- 2.2 During that period a number of contracts have been granted under delegated authority through the Waiver of Standing Orders, as permitted in Section 9 of the Contract Standing Orders.

### Main report

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- 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 Historically, justification for the waiver of Contract Standing Orders has been 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

The updated Contract Standing Orders presented to Council on the 23 October 2014 proposed a slightly amended categorisation:-

- **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 will reconsider these revisions to the Contract Standing Orders for approval in 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 September to 30 November 2014 is provided at Table 2, 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 September to 30 November 2014)

Directorate	Total Waiver Value* (£m) 1 Sep – 30 Nov 2014	Annual value of live contracts** in the period 1 Sep – 30 Nov 2014
Children & Families	£1.17m	£98.2m
Corporate Governance	£0.20m	£22.9m

Health & Social Care	£0.09m	£153.9m
Services for Communities	£0.45m	£143.0m
Economic Development	£0.18m	£2.0m
Cross-Directorate***	n/a	£90.5m
	£2.09m	£510.5m

\* Excludes waivers which have been reported previously to committee

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

\*\*\* Cross-Directorate denotes a number of contracts that are managed across directorates or corporately (including the Council's energy contracts and Edinburgh Tram)

3.6 Given their de minimis value, waivers under £5,000 have not been included in this table. There are a total of 22 waivers awarded with a value of less than £5,000 which account for £59,035 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 £2m have been awarded in the quarter 1 September to 30 November 2014.

3.11 For visibility, details of contracts awarded under the Committee approval thresholds for the period 1 September to 30 November 2014 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**

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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**

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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 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 September to 30 November 2014, 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 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 presented to Council on 23 October 2014 for approval. This report was referred to Finance and Resources Committee, and the Council will consider the Committee's recommendations for approval when it meets on 5 February 2015.

- 9.3 The waiver process and supporting documentation are currently being revised and improved through engagement with service areas, to launch early in 2015 to accompany the revised Council Standing Orders.

## Background reading/external references

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[Finance and Resources – Thursday 30 October 2014 \(item 7.14\) - Contracts awarded under Delegated Authority \(waiver reports\) and Procurement activity](#)

[Finance and Resources – Thursday 30 October 2014 – Operational Governance – Review of contract standing Orders and guidance on the Appointment of Consultants – referral from the City of Edinburgh Council](#)

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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>	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 September to 30 November 2014.

Details of Waivers by Justification (using historic justification in Contract Standing Orders):

Paragraph	Description of Justification	Value
9.1.1	Nature of the proposed works, goods or services justifying direct award	16
9.1.2	Extreme urgency not foreseen	2
9.1.3	Legislative exemptions	3
9.1.4	In the Council's best interests	8
9.1.5	Genuinely exceptional circumstances	0
		29

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

Paragraph	Description of Justification	Value
9.1.1	Legislative exemptions	3
9.1.2	In the Council's best interests	26
		29

## Details of Waivers by Directorate

The following relate to the period 1 September to 30 November 2014.

Directorate	Children & Families	
Supplier/product or service	Justification for waiver	Value
Triple P	Nature of the proposed works, goods or services justifying direct award. To increase participation in 3T programme more practitioners need to be trained. This training needs to be provided by the Triple P organisation.	£21,460
Citadel Youth Centre Pilton Youth & Children's Project Wester Hailes Youth Agency WHALE Arts Agency SCOREscotland The BIG Project 6VT (Edinburgh Youth Cafe)	In the Council's best interests. Extension of existing contracts for youth services while grant system is redesigned in line with the Children and Families Commissioning Plan 2015-2020. <ul style="list-style-type: none"> <li>• Citadel Youth Centre -£239,250</li> <li>• Pilton Youth &amp; Children's Project - £248,454</li> <li>• Wester Hailes Youth Agency - £153,735</li> <li>• WHALE Arts Agency - £99,750</li> <li>• SCOREscotland - £96,680</li> <li>• The BIG Project -£35,000</li> <li>• 6VT (Edinburgh Youth Cafe) - £60,230</li> </ul>	£933,099
Care Vision Action for Children FCA Fostering Relations Fostercare Connect	Legislative exemptions. Fostering arrangements for looked after children. While there is a National (Scotland Excel) framework there is a need for additional placements especially specialist placements. A new framework will be procured but this has been held back until new Statutory Guidance expected 2015 comes into force as it is likely to influence the specification.	£220,000
		<b>£1,174,559</b>



Directorate	Services for Communities	
Supplier/product or service	Justification for waiver	Value
WF Howes	Nature of the proposed works, goods or services justifying direct award. Supplier is the sole UK source for Transparent Language Online learning software for use by library customers in libraries and at home (not provided for in current Excel framework).	£ 11,250
Transport and Travel Research Ltd (TTR)	Nature of the proposed works, goods or services justifying direct award. To ensure continued operation of the ECOSTARS Edinburgh Scheme until March 2015. Specialist and technical knowledge from a sole source supplier supporting all UK fleet ECOSTARS fleet recognition schemes.	£23,695
Acies Group and Underground Inspector Services Ltd	Extreme urgency not foreseen. Due to a health and safety issue, Standard Life appointed a consultant to urgently investigate water penetration through Conference Square onto their service road. The initial survey showed the drainage problem was common to areas also owned by the Council and another party, and all agreed it was essential that the work was instructed as a matter of urgency with costs split accordingly.	£7,628
NFS Hospitality UK Ltd	In the Council's best interests, to ensure continuity of the Council's online room booking system. This requirement will be met in future by the Council's ICT contract which is currently being reproced.	£12,125
Scotshield	In the Council's best interests. Housing Asset Management is going to tender Contracts for Cyclical and Responsive Maintenance of Concierge and CCTV and needed to extend their current contract with Scotshield Ltd up until 1 July 2015 to allow for completion of the procurement process and for mini competitions to take place.	£60,000
Scotshield	In the Council's best interests. Housing Asset Management is going to tender for a contract to cover installation, removal, cyclical and responsive maintenance of assistive smart technology which enable tenants to be discharged from hospital or remain in their own home. The current contract with Scotshield Ltd needs to be extended until 1 July 2015 to allow for completion of the procurement process.	£70,000
Capita Gas Safe Registration and Ancillary Services Ltd	Legislative exemption to register Council gas engineers with the UK regulatory body Capita Gas Safe Register for a three year term, in order to carry out the statutory duty of servicing and repairing gas appliances. By law all gas engineers must be on the Gas Safe Register.	£5,000
Scottish Power Energy Network	Legislative exemption for installation of isolator switches within the Council's domestic properties. Supplier owns and supplies the electrical supply network in Edinburgh and has the sole authority to undertake the works.	£190,000
SKM Colin Buchanan	In the Council's best interests for micro-simulation traffic modelling for the Gogar/Maybury junctions. Supplier has previously developed a traffic model on behalf of the Council and maintains this on an ongoing basis. Using an alternative supplier would require significant additional time and financial resource to redevelop an alternative traffic modelling system.	£9,420
Defense 4	Extreme urgency not foreseen, urgent service requirement in response to a public safety matter during the August 2014 Fringe Festival. Defense 4 was the incumbent security provider for the festival.	£11,934
		<b>£446,052</b>

Directorate	Corporate Governance	
Supplier/product or service	Justification for waiver	Value
Neat box	Nature of the proposed works, goods or services justifying direct award. Pilot project to introduce Bluetooth Low energy beacons across the Old Town. Technology in its infancy so market very limited and very few specialist suppliers. Neat box is a local SME putting in place similar technology for National Museum Scotland.	£24,999
Insurgent Studios Ltd	Nature of the proposed works, goods or services justifying direct award. Corporate ICT funded interactive installations to enable delivery of the Museum of Edinburgh WW1 100th anniversary programme. A unique solution required which did not currently exist in the market place.	£125,000
Lockheed Martin Business Technology Solutions Limited	In the Council's best interests. Short extension of existing contract (70 days) for Cognos BI data repository required plus skills transfer to allow the Council to develop in house capacity.	£57,870
		<b>£207,869</b>

Directorate	Economic Development	
Supplier/product or service	Justification for waiver	Value
PrettyBright	Nature of the proposed works, goods or services justifying direct award, to assist in urgently resurrecting the Connect at West Edinburgh project and associated website. As the website is already in place, using an alternative supplier would require significant additional time and financial resource to redevelop alternative provision.	£6,000
Dovetail Forks	Nature of the proposed works, goods or services justifying direct award. The Scottish Cities Alliance is taking part in MIPIM in March 2015. The Council's usual travel agency Horncastle has been unable to secure accommodation, and as such it has been sourced by an approved MIP accommodation agent.	£8,368
Ink - Easyjet	Nature of the proposed works, goods or services justifying direct award. Advertising in Ink, Easyjet's inflight magazine. Unable to provide three formal quotations as these advertising packages are bespoke.	£17,490
HG Consulting (Scotland) Ltd	In the Council's best interests. Consultancy services to continue the development of Edinburgh's East End. Spend recorded as a waiver but all costs being recovered from TIAA Henderson Real Estate as part of the agreement on the St James development. The supplier has specialist knowledge of the area development as well as the Growth Accelerator Model (GAM) which has been used in financing the development.	£100,000
Maria Webb	In the Council's best interests. Provision of specialised services for monitoring, audit and compliance on the European Structural Fund Priority 5 Strategic Skills Pipeline, in order that the Council continues to meet the terms and conditions of the associated grant funding and ensure a comprehensive audit of project documentation.	£16,000
Saxon Media Ltd	Nature of the proposed works, goods or services justifying direct award. Promotion of Edinburgh to a variety of targeted international markets within Upward Curve magazine. Unable to provide three formal quotations as these advertising packages are bespoke.	£5,000
Chase Publishing	Nature of the proposed works, goods or services justifying direct award. Advertising in The European Magazine. Unable to provide three formal quotations as these advertising packages are bespoke.	£12,500
Storm ID	Nature of the proposed works, goods and services justifying direct award. Final payment for web development for Invest in Edinburgh, carried out by existing provider of the Council's wider web development work.	£10,000
		<b>£175,358</b>

Directorate	Health & Social Care	
Supplier/product or service	Justification for waiver	Value
Open University	Nature of the proposed works, goods or services justifying direct award. Staff taking a Degree in Social Work. Longstanding relationship with OU and course offers right balance toward health and social care. Only OU offers the course.	£17,025
Women's Aid	Nature of the proposed works, goods or services justifying direct award. A two year continuation of Edinburgh Domestic Abuse Court Support: advocacy service to support women who have had a police call out to a domestic abuse incident resulting in custody/ charging of suspect. Continuation of service following ending of Lotto funding and partnership with Children and Families, NHS Lothian, and Police Scotland to support Women's Aid service.	£33,336
Neater Solutions Ltd (x2)	Nature of the proposed works, goods or services justifying direct award. Purchase of specialist equipment to enable children with disabilities to remain at home and safely cared for by parents. This is a sole supply arrangement, as it is a patented specialist system only sold by Neater Solutions.	£5,097
JCM (x3)	Nature of the proposed works, goods or services justifying direct award. Purchase specialist chairs to enable children with disabilities to attend school. A tender for a contract to cover these requirements is in progress.	£15,954
Ethitec	Nature of the proposed works, goods or services justifying direct award. Equipment Loans management system to allow ordering and tracking of equipment and adaptations supplied to people with disabilities and illness. Sole provider.	£16,000
		<b>£87,412</b>

## 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 September to 30 November 2014.

Directorate		Children & Families	
Date	Supplier	Contract Description	Value
28/10/2014	Donaldson Forestry & Fencing	Supply of Christmas Trees and Stands	£28,055.00
16/10/2014	Maybo Ltd	Training for Children and Families and SFC staff. Managing Violence and Aggression Training	£37,530.00
<b>TOTAL</b>			£65,585.00

Directorate		Economic Development	
Date	Supplier	Contract Description	Value
06/11/2014	HG Consulting (Scotland) Limited	Economic Development of Edinburgh's East End (St James)	£100,000.00
<b>TOTAL</b>			£100,000.00

Directorate		Health and Social Care	
Date	Supplier	Contract Description	Value
02/09/2014	Edinburgh College - Sighthill Campus	Training for Management/Leadership qualification authorised by Chartered Management Institute (CMI)	£33,670.00
<b>TOTAL</b>			£33,670.00

Directorate		Cross-Directorate	
Date	Supplier	Contract Description	Value
01/10/2014	Framework - Multiple Suppliers	Provision of Washroom Solutions and products/services.	£600,000.00
<b>TOTAL</b>			£600,000.00

Directorate		Services for Communities	
Date	Supplier	Contract Description	Value
19/09/2014	City Health Clinic Edinburgh Ltd	Taxi/Private Hire care driver medicals for taxi licensing section.	£380,000.00
25/09/2014	Resource Efficient Solutions LLP	Waste Composition Analysis	£37,060.00
17/09/2014	Ironside Farrar Ltd	Multi-Disciplinary Design Services for Saughton Park HLF Project	£373,145.50
01/10/2014	Eden Group	Repair and Maintenance of TV aerials	£50,000.00
18/09/2014	First Call Trade Services Ltd	Repairs and Maintenance of Joinery works in Council owned tenanted properties.	£50,000.00
25/09/2014	Orbis Protect Ltd	Clean up the dirtyworks in void property	£50,000.00
01/09/2014	Doe Sport North Ltd	Refurbishment of Tennis and Basketball courts, including resurfacing, equipment and fencing	£100,590.00
01/09/2014	Thomson Gray limited	Saughton Park QS Services	£29,990.00
16/10/2014	Warmseal Windows (Newcastle) Limited	Supply of composite door sets to EBS	£80,000.00
17/10/2014	A C Whyte & Co Limited	EWI works at 3, 5 and 11 Queensferry Road, EH29 9AG	£48,271.00
04/11/2014	Response Building Maintenance Services Ltd	City wide repairs to mira showers	£50,000.00
<b>TOTAL</b>			<b>£1,249,056.50</b>