

# Governance, Risk and Best Value Committee

10.00am, Thursday, 21 May 2015

## Procurement – Update on Arm’s Length External Organisations

Item number	7.4
Report number	
Executive/routine	Routine
Wards	All

### Executive summary

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This report updates the Committee on potential procurement synergies between the Council and its arm’s length external organisations (“ALEOs”).

### Links

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Coalition pledges  
Council outcomes  
Single Outcome Agreement

## Procurement – Update on Arm’s Length External Organisations

### Recommendations

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- 1.1 It is recommended that the Committee note the content of this report.

### Background

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- 2.1 At its meeting on 14 August 2014, this Committee requested that an update report be provided in relation to seeking best value at the Council’s ALEOs.

### Main report

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- 3.1 Given the significant amount of money which it spends annually on goods and services, the Council is in the beneficial position of being able to leverage excellent commercial terms with suppliers. It is therefore more likely that the Council will be able to share its good commercial terms with its ALEOs than vice versa.
- 3.2 Following discussions with the Head of Finance, a number of Council ALEOs were identified as having the most opportunity for commercial synergies with the Council.
- 3.3 To date meetings have been held with senior representatives from the Festival Theatres Trust, Marketing Edinburgh and EDI.
- 3.4 The aim of the meetings has been to allow both parties to understand their respective procurement plans and opportunities and ensure that any potential mutual benefits are identified and taken advantage of wherever possible.
- 3.5 EICC, Edinburgh Leisure and Capital City Partnership have also been contacted and once they respond meetings will take place.
- 3.6 Each of the organisations in 3.3 above have their own procurement rules and procedures in place and they all understood the importance and benefits these can bring. Given the governance procedures already in place, it is appropriate for the relevant boards to regulate and amend these as appropriate to each ALEO’s circumstances having taken appropriate legal advice.
- 3.7 All of the ALEOs to date have welcomed the meetings and it has been good to note that one is already using Council expertise and taking advantage of beneficial terms in relation to using our banking facilities framework. The intention is that the list can grow where there is any potential benefit.

- 3.8 Moving forward the Council will ensure that all ALEOs are able to access Council contracts by ensuring that they are named in the relevant procurement advertisements.

## Measures of success

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- 4.1 The Council and its ALEOs continue to deliver best value.

## Financial impact

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- 5.1 The Council and its ALEOs continue to deliver best value and financial savings wherever possible.

## Risk, policy, compliance and governance impact

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- 6.1 There are no direct risk implications arising from this report.

## Equalities impact

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- 7.1 There are no direct equality implications arising from this report.

## Sustainability impact

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- 8.1 Effective procurement allows the Council to achieve benefits for the community and support local economic development.

## Consultation and engagement

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- 9.1 The ALEOs have been consulted with.

## Background reading/external references

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None.

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## Links

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**Coalition pledges**

**Council outcomes**

**Single Outcome**

**Agreement**

**Appendices**