

ABERDEEN CITY COUNCIL

COMMITTEE	City Growth & Resources
DATE	6 th February 2020
EXEMPT	Not exempt: Covering Report and Appendix 1 – Workplan, Summary of business cases Exempt: Yes – Appendix 2. Paragraph 8 - The report refers to the amount of any expenditure proposed to be incurred by the authority under any particular contract for the acquisition of property or the supply of goods or services provided that disclosure to the public of the amount there referred to would be likely to give an advantage to a person or organisation entering, or seeking to enter, a contract with the Council.
CONFIDENTIAL	No
REPORT TITLE	Workplans and Business Cases - Capital
REPORT NUMBER	COM/20/048
DIRECTOR	Rob Polkinghorne
CHIEF OFFICER	Craig Innes
REPORT AUTHOR	Craig Innes
TERMS OF REFERENCE	Purpose 2

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to present a procurement workplan where capital expenditure is included for the Operations Functions to Committee for review and to seek approval of the total estimated capital expenditure for the proposed contract as contained in the Procurement Business Case(s) appended to the report.

2. RECOMMENDATION(S)

It is recommended that the Committee: -

- 2.1 reviews the workplan for the Operations Function as detailed in the Appendices;
- 2.2 where a Business Case has been submitted, approves the total estimated capital expenditure for the proposed contract and delegates authority to the Head of Commercial & Procurement Services following consultation with the relevant Chief Officer to procure appropriate works and services, and enter into any contracts relating thereto; and

- 2.3 notes that Business Cases for procurements exercises to be commenced after 6th February 2020 will be submitted on a phased basis to future meetings of the City Growth and Resources Committee.

3. BACKGROUND

- 3.1 The ACC Procurement Regulations 2019 were reviewed and approved by Council on 4 March 2019. The key update was in relation to the approval routing for Procurement Business Cases which include spend from Capital budgets. If we wish to tender in relation to:
- Capital budget only, or
 - Capital with revenue implications, then the estimated expenditure must be approved by City Growth and Resources Committee;
 - Capital and revenue from the same contract, then the estimated capital expenditure must be approved by City Growth and Resources Committee; and the estimated revenue by Strategic Commissioning Committee.
- 3.2 The ACC Procurement Regulations 2019 requires that authority to incur expenditure has to be approved prior to any invitation to tender or contract entered into. The method of authorising depends upon the contract value, with contracts above £50,000 (supplies/services) or £250,000 (works) requiring to be listed on a workplan with an associated Procurement Business Case and submitted by the relevant Chief Officer to the Strategic Commissioning Committee (Revenue budget only), and or to City Growth and Resources Committee (Capital, as per 3.1 above). The approval of the applicable Committee is required prior to the procurement being undertaken.
- 3.3 There are no workplans for the Governance, Place, Customer and Commissioning Functions this cycle.

4. FINANCIAL IMPLICATIONS

- 4.1 The indicative value of each proposed contract is shown within the respective workplan in the Appendices. The ability to have an overview of contract expenditure is aligned to Core Outcomes of the LOIP and the whole systems commissioning cycle approach. The refreshed approach to governance ensures that all contracts are aligned to the approved budget provision for each financial year with controls in place for flexibility if required. This also assists the Council in meeting its statutory duty to keep a Contracts Register.

5. LEGAL IMPLICATIONS

- 5.1 All contracts shall be procured in accordance with procurement legislation and the Commercial Legal Team within C&PS shall provide legal advice where necessary.

6. MANAGEMENT OF RISK

	Risk	Low (L), Medium (M), High (H)	Mitigation
Financial	Escalation of costs Unable to control demand Differing market conditions depending on commodity/service	L M M	A strong focus on value for money in all commissioning activities. Ongoing focus on demand reduction strategies. Use of Business Intelligence to help predict market changes and trends.
Legal	Failure to comply with procurement and other legislation. Failure to comply with the terms of the grant agreements	L L	Engagement with Commercial Legal Team within the Commissioning Function. Service aware of the terms of grant agreements and plans are in place to ensure compliance with terms
Employee	Insufficient information provided by officers and lack of resources. Insufficient commissioning skills across the organisation.	M M	Workplan shall allow for the proportionate allocation of resource depending on the risks and business criticality of each contract. Workforce development and training plan will be put in place across the Council.
Customer	New approach to customer services	M	Involving Customers in the re-design of provision.
Environment	Failure to consider sustainable options.	L	Ensure all contracts take into account environmental considerations.
Technology	New technology is not embraced in full.	L	Market research undertaken by Commissioning officers and support and advice from the Council's Digital Partner.
Reputational	Lack of understanding or appreciation of the new process of workplans and business cases.	L	Engagement sessions with all Council Functions to ensure an understanding of the benefits of forward-

			planning and the value that strategic commissioning brings to the delivery of outcomes.
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7. OUTCOMES

- 7.1 All outcomes of the Local Outcome Improvement Plan will be considered as part of the development of new contract specifications and specifications will align to any related outcomes.

Design Principles of Target Operating Model	
	Impact of Report
Customer Service Design	Commissioning will work with Customer services on the design and monitoring of impact.
Organisational Design	Enabling a strategic commissioning approach is a key aspect of the future organisational design.
Governance	There will be close working between the City Growth and Resources and the Strategic Commissioning Committees and any relevant governance arrangements. The submission of the workplan complies with the requirements of the Council's Procurement Regulations.
Workforce	A key aspect of developing this approach will be the development and involvement of key staff within the commissioning cycle of all contracts.
Process Design	Co-design of future provision and the development of outcome-based specifications will be an important aspect of delivering best value.
Technology	The use of technology will be important particularly regarding analysis of data and performance.
Partnerships and Alliances	As part of contract design, partnership working will be embedded in the approach.

8. IMPACT ASSESSMENTS

Assessment	Outcome
Equality & Human Rights Impact Assessment	Not required for this report
Data Protection Impact Assessment	Not required for this report

Duty of Due Regard / Fairer Scotland Duty	Not applicable
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9. BACKGROUND PAPERS

None.

10. APPENDICES – workplans and referenced Business Cases

Appendix 1 - Operations Workplan

Appendix 2 - Operations Workplan (Exempt)

11. REPORT AUTHOR CONTACT DETAILS

Name	Craig Innes
Title	Head of Commercial & Procurement Service
Email Address	CInnes@aberdeencity.gov.uk
Tel	01224 665650