

ABERDEEN CITY COUNCIL

COMMITTEE	Strategic Commissioning Committee
DATE	8 December 2021
EXEMPT	<p>Not exempt:</p> <ul style="list-style-type: none">- Covering Report- Appendix 1 – Workplan Public- Appendix 3 – Summary of 3.10 Memos- Appendix 4 – Summary of 4.1.3 Forms <p>Exempt: Yes – Paragraph 8</p> <ul style="list-style-type: none">- Appendix 2 – Workplan Private- Appendix 5 – 10 Business Cases <p>The exempt appendices refer to the amount of expenditure proposed to be incurred under contract for the supply of goods or provision of services, disclosure to the public of the amount referred to would likely give an advantage to a person or organisation entering, or seeking to enter, into a contract with the Council.</p>
CONFIDENTIAL	No
REPORT TITLE	Work Plan & Business Cases – Revenue
REPORT NUMBER	COM/21/307
DIRECTOR	Gale Beattie
CHIEF OFFICER	Craig Innes
REPORT AUTHOR	Melanie Mackenzie
TERMS OF REFERENCE	3.1.1

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to present procurement workplans where expenditure is included for the Commissioning, Customer and Operations Functions to committee for review and to seek approval of the total estimated expenditure for the proposed contracts as contained in the Procurement Business Cases appended to the report.

2. RECOMMENDATIONS

It is recommended that the Committee: -

- 2.1 reviews the workplans as detailed in the Appendices;
- 2.2 approves the procurement business cases, including the total estimated expenditure for the proposed contracts;
- 2.3 approves the outline business case for the renewal of the Waste Services Contract and notes that a procurement business case on the preferred option will be brought before committee in due course; and
- 2.4 notes the content of Appendix 3 – Summary of 3.10 Memos (Contract Awards due to Urgency) and Appendix 4 – Summary of 4.1.3 Forms (Technical Exemption).

3. BACKGROUND

- 3.1 The ACC Procurement Regulations 2021 require that authority to incur expenditure must be sought 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) 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 and Capital with Revenue implications). The approval of the applicable Committee is required prior to the procurement being undertaken.
- 3.2 The ACC Procurement Regulations 2021 also require that if aggregated expenditure via framework agreements will exceed £50,000 (supplies/services) or £250,000 (works), then the authority of the Strategic Commissioning Committee to incur the expenditure must be obtained in advance of the applicable thresholds being exceeded. Aggregate expenditure via framework agreements will be reported annually by the Commercial & Procurement Shared Service where expenditure is recurring, though expenditure will be cross council in many cases.
- 3.3 Committee is asked to review the Commissioning, Customer and Operations Functions work plans and to approve the expenditure detailed in the Procurement Business Cases appended to the report.
- 3.4 Due to the Strategic nature of the Waste Services Renewal contract an Outline Business Case (OBC) has been presented to ensure that the committee has visibility on the work being undertaken to review options. The Services to be contracted fulfil the Council's statutory duties as Waste Disposal Authority to provide the public with facilities to deposit household waste (Household Waste Recycling Centres) and operate recycling services for households and business and supporting services.
- 3.5 The importance of these services (which are for existing services which are related to waste diversion from residual treatment) cannot be understated given the Government's intention to legislate further to drive down residual waste treatment and increase diversion through re-use and recycling to help deliver the circular economy which is a pillar of the Net Zero idea. The existing contract includes stipulations which reduce risk to the Council and allow flexibility in terms of the delivery of the Service, in the drawing up of the new contract terms this will also be a key consideration. The new contract will not provide for the disposal of the bulk of residual waste in the main, as from 2022 this will transfer to the Energy from Waste (EfW) provider.
- 3.6 The preferred option as outlined in the OBC is to retender the Waste Services contract as a single entity with the exception of the element dealt with by the EfW contract. This option represents the most benefit and least risk to the Council. Committee is asked to approve the outline business case for the renewal of the Waste Services Contract and agree that the Service will proceed to develop the procurement on that basis and note that a procurement business case will be brought before committee in due course.

4. FINANCIAL IMPLICATIONS

4.1 The indicative value of the proposed contracts is shown within the 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 The 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

Category	Risk	Low (L) Medium (M) High (H)	Mitigation
Strategic Risk	Contract expectations not being monitored/managed	M	Employees involved in Procurement Activity are required to complete online training modules in Contract Management.
Compliance	Failure to comply with internal procurement regulations and procurement legislation	L	Engagement with the Commercial Legal Team within the Commissioning Function.
Operational	Unable to control demand	M	Ongoing focus on demand reduction strategies, contract terms developed to be more flexible
Financial	Escalation of costs	L	A strong focus on value for money in all commissioning activities.
	Differing market conditions depending on commodity/service	M	Use of Business Intelligence to help predict market changes and trends.

Reputational	Insufficient information provided by officers, lack of transparency	M	A scrutiny process has been established to ensure sufficient/relevant information is provided.
Environment/Climate	Failure to consider sustainable options.	L	Ensure all contracts consider environmental considerations.

7. OUTCOMES

<u>COUNCIL DELIVERY PLAN</u>	
Impact of Report	
Aberdeen City Council Policy Statement	The ability to have an overview of contract expenditure is aligned to Core Outcomes of the LOIP and the whole systems commissioning cycle approach.
Aberdeen City Local Outcome Improvement Plan	
Stretch Outcomes (Prosperous Economy/People/Place)	Community Benefits requirements are incorporated into all ACC Procurement Activity, consideration is given to the Stretch Outcomes within the LOIP at the development phase.
Regional and City Strategies	The proposals within the business cases appended to this report support Key Regional and City Strategies, details of anticipated outcomes are contained within each the business cases.
UK and Scottish Legislative and Policy Programmes	Each of the business cases appended to the report contains details of the legislative and policy programmes to be complied with.

8. IMPACT ASSESSMENTS

Assessment	Outcome
Impact Assessment	Not required

Data Protection Impact Assessment	Not required
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9. BACKGROUND PAPERS

None.

10. APPENDICES

Public

Appendix 1 – Workplan Public

Appendix 3 – Summary of 3.10 Memo's

Appendix 4 – Summary of 4.1.3 Forms

Private

Appendix 2 – Workplan Private

Appendix 5 – Production Partner (Events)

Appendix 6 – Disabled Persons Housing Service

Appendix 7 – Tenants Contents Insurance

Appendix 8 – Boiler Plant

Appendix 9 – Specialist Maintenance & Repair Trades Framework

Appendix 10 – Outline Business Case (Waste Services Contract)

11. REPORT AUTHOR CONTACT DETAILS

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