

Breaches Resolved Or In The Process Of Being Resolved

Annex 1

Item	Breach	2005/06 Spend (£'000s)	Current status/comments
City Strategy			
Amey Infrastructure Services Ltd	No formal tendering for the maintenance of street lighting with Amey Infrastructure Services Ltd. The original contract ended in September 2003 but has been extended since this time, without any further tendering exercise. The original contract did not include any extension clause. This is a breach of Financial Regulations and EU procurement rules.	979	Newly identified in 2005/06 – in the process of being resolved The department has now re-tendered the service. Tenders were opened on 9 March 2007, and an evaluation exercise is taking place. It is expected that a new contract will commence by July 2007.
Tendered Bus Services	Although services had been formally tendered, the tendering and contract arrangements were not in accordance with EU regulations.	NA ¹	Outstanding from 2004/05 – in the process of being resolved The service is in the process of re-tendering all bus contracts in accordance with EU procurement rules. However, this will take some time to complete as the timing of existing contracts is staggered, with some of them not due to expire until February 2009. The service will not be fully compliant with EU procurement rules until that time.
Concessionary Travel	Failure to tender contract to provide travel tokens. Aggregate expenditure exceeded EU and Council tendering thresholds.	800	Outstanding from 2004/05 – now resolved The contract to provide travel tokens has now been tendered in accordance with Council and EU procurement regulations.
Housing and Adult Services			
Provision of Bed & Breakfast Temporary Accommodation	Provision of this service has not been tendered, despite spend exceeding the tendering limits in Financial Regulations.	N/A ²	Newly identified in 2005/06 – now resolved Following a review by the department, a framework arrangement for Bed and Breakfast accommodation will now be put in place. An exemption from Financial Regulations has been granted for two years to enable this framework to be developed, subject to EU regulations regarding contract award notices being followed.

¹ Expenditure relates to a number of suppliers, who also provide other services.

² Provision of this service is spread across several different Bed & Breakfast establishments, with spend ranging from £250K to £500K a year.

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Residential Care Placements	Spot contracts are being agreed with providers of care, without formal tendering. The total value of contracts with individual suppliers often exceeds £100k. The failure to tender is a breach of Financial Regulations.	NA ³	Outstanding from 2004/05 – now resolved A waiver has now been approved for a period of three years to allow the service to enter into contracts without formal tendering. This is subject to EU regulations regarding contract award notices being followed and a requirement that the service continues to monitor whether arrangements provide value for money.
Learning Culture & Children's Services			
Residential Care Placements	Spot contracts were being agreed with providers of specialist children's residential care, without formal tendering. Individual contracts were generally over £100k. The failure to tender is a breach of Financial Regulations.	NA ⁴	Outstanding from 2004/05 – in the process of being resolved Following a review by the department, it has been concluded that tendering this service would be unfeasible and would not achieve better value for money. Discussions are currently being held with the department about a possible exemption from the Financial Regulations.
Foster Care Associates	Aggregate expenditure on fostering placements exceeded the Council's tendering threshold of £100k. Although quotations for individual contracts had been sought, no formal tendering had taken place and there was no overall framework agreement in place.	42	Outstanding from 2004/05 – in the process of being resolved Following a review by the department, it has been concluded that tendering this service would be unfeasible and would not achieve better value for money. Discussions are currently being held with the department about a possible exemption from the Financial Regulations.
Neighbourhood Services			
Oxforde Glass	No contract in place for glazing services. Aggregate expenditure exceeded EU and Council tendering thresholds. See also 'Around The Clock Glazing' – Annex 2.	100	Newly identified in 2005/06 – now resolved This area of work has now been tendered in accordance with EU rules, and a contract awarded – this commenced in January 2007.

³ Information is currently unavailable about the extent of this issue. Contracts relate to a large number of different suppliers and types of service.

⁴ Although several cases were identified as a result of sample testing, no information is available about the extent of this issue. Contracts relate to a large number of different suppliers and types of service.

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Dunning Plant Hire	No formal tendering had been undertaken and no contract was in place for plant hire. Although the department had obtained written quotations, this was insufficient to meet the Financial Regulations requirement to tender. Aggregate expenditure exceeded the EU tendering threshold.	153	Outstanding from 2004/05 – now resolved This area of work has now been tendered in accordance with EU rules, and a contract awarded – this commenced in January 2007.
Cemex (UK) Materials Ltd (Formerly RMC plc)	No formal tendering had been undertaken and no contract was in place for the supply of concrete. Although the department had obtained written quotations, this was insufficient to meet the Financial Regulations requirement to tender. In addition, aggregate expenditure exceeded the EU tendering threshold.	105 (estimated)	Outstanding from 2003/04 – now resolved This area of work has now been tendered in accordance with EU rules, and a contract awarded – this commences on 1 April 2007.
Prismo Ltd	No contract in place with Prismo for highway maintenance work. Aggregate expenditure exceeded Council and EU tendering thresholds.	148	Outstanding from 2004/05 – now resolved This area of work has now been tendered in accordance with EU rules, and a contract awarded – this commences on 1 April 2007.
Torrison Commercials	This service was initially set up as a pilot scheme for the supply of vehicle parts, with Torrison maintaining a store at the Foss Islands Depot. The pilot had been allowed to continue for a number of years without being formally tendered. Aggregate expenditure exceeded EU and Council tendering thresholds.	163	Outstanding from 2004/05 – now resolved Fleet management services has now been tendered in accordance with EU rules and a new partnership contract commenced in January 2007.
Around The Clock Glazing	No formal tendering undertaken and no contract in place for glazing services. Aggregate expenditure exceeded EU and Council tendering thresholds.	157	Outstanding from 2004/05 – now resolved This area of work has now been tendered in accordance with EU rules, and a contract awarded – this commenced in January 2007.

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Plumbase	<p>The expenditure relates to plumbing supplies. This was reported as part of the 2004/05 breaches and waivers report because the department was unable to confirm or provide evidence that formal tendering had been undertaken or that a contract was in place.</p> <p>During the course of the 2005/06 breaches and waivers review, evidence was provided to show that tendering had taken place, although there were insufficient records to fully support the tender and contract award process.</p>	141	<p>Outstanding from 2004/05 – in the process of being resolved</p> <p>Following a mini-competition using Office of Government Commerce's pre-tendered select lists, a preferred supplier has now been selected for the supply of building materials. Negotiations are currently ongoing and a new contract should be in place by May 2007.</p>
Wolseley UK Ltd	<p>No formal tendering undertaken and no contract in place for building supplies. Aggregate expenditure exceeded EU and Council tendering thresholds.</p>	106	<p>Outstanding from 2001/02 – in the process of being resolved</p> <p>Following a mini-competition using Office of Government Commerce pre-tendered select lists, a preferred supplier has now been selected for the supply of building materials. Negotiations are currently ongoing and a new contract should be in place by May 2007.</p>
Arnold Laver	<p>No formal tendering had been undertaken and no contract was in place for the supply of timber. Although the department had obtained written quotations, aggregate expenditure exceeded the Financial Regulations requirement to tender (based on the value of expenditure over more than one year of supply).</p>	29	<p>Outstanding from 2001/02 – in the process of being resolved</p> <p>Following a mini-competition using Office of Government Commerce's pre-tendered select lists, a preferred supplier has now been selected for the supply of building materials. Negotiations are currently ongoing and a new contract should be in place by May 2007.</p>

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Elcocks	No formal tendering had been undertaken and no contract was in place for the purchase of small tools and equipment. Although the department had obtained written quotations, this was insufficient to meet the Financial Regulations requirement to tender. Aggregate expenditure exceeded the EU tendering threshold (based on the value of expenditure over more than one year of supply).	68	Outstanding from 2001/02 – in the process of being resolved Expenditure in this area has now fallen below EU and Council tendering thresholds (estimated spend for 2006/07 is £30k). An invitation to quote has been issued for all non-operated plant and equipment hire (which includes expenditure in this area) and it is expected that a new contract will be in place by April 2007.
Resources			
Phoenix Office Supplies Ltd	No tendering, and no overall contract or framework agreement in place with Phoenix Office Supplies Ltd for the purchase of IT equipment. Aggregate expenditure exceeded EU and Council tendering thresholds.	228	Newly identified in 2005/06 – now resolved No expenditure has been incurred with this supplier since September 2006. However, this area will be reviewed as part of the 2007/08 Corporate Procurement Team workplan, to identify any action required for the future – eg development of corporate framework contracts if necessary.
Corporate Issues			
Staffing Agencies	No contract or framework agreements are in place for recruitment consultancy and the supply of specialist temporary staff. Aggregate expenditure across directorates exceeded the Council's tendering threshold.	NA ⁵	Outstanding from 2003/04 – in the process of being resolved A corporate contract has been in place with Manpower for administrative and financial staff since September 2003. However, significant expenditure is still being incurred with other agencies who supply staff with specialist skills. A new contract, which will address all agency staffing requirements, is currently out to tender. The contract is expected to be in place by early 2007/08.

⁵ This is a cross directorate issue, and the full range of suppliers used for recruitment consultancy and agency staff by different departments is not known. Expenditure with specific suppliers is in breach of the Council's tendering thresholds. However, some areas of expenditure have also been procured in accordance with Financial Regulations and therefore the total value of expenditure in breach is not known.

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External Legal Advice	No comprehensive formal corporate tendering arrangements or framework agreements exist for purchasing external legal advice. Work is commissioned by several departments, from a number of different suppliers. Individually, departments appear to be acting in accordance with Financial Regulations. However, aggregate expenditure across the Council, with some suppliers, exceeded the tendering threshold of £100k and has caused a breach of the Regulations.	NA ⁶	<p>Outstanding from 2004/05 – in the process of being resolved</p> <p>This issue was identified as a breach in 2004/05 because no corporate contract was in place, yet legal advice was being purchased across directorates from a number of legal firms.</p> <p>New framework arrangements for the procurement of legal advice have now been put out to tender. Evaluation of tenders is currently underway and it is expected that new contracts will be in place by 1 April 2007.</p>
Tom Rhodes & Son	No formal tendering undertaken and no overall contract or framework agreement for minor building works. This contractor is used by a number of departments across the Council, who each order work separately. The aggregate value of expenditure exceeded Council tendering thresholds.	116	<p>Outstanding from 2004/05 – now resolved</p> <p>This contractor is used across the Council by several directorates for a range of small building works. For the 2004/05 Breaches & Waivers report it was identified that a number of contractors are used in a similar manner, and although individual contracts were being let correctly, aggregate expenditure meant that spend with the contractor was exceeding the EU tendering threshold.</p> <p>A new framework agreement for minor building works has recently been put in place by Neighbourhood Services. However, further review by the Corporate Procurement Team has identified that actual expenditure and the numbers of suppliers used for minor building work may be greater than originally thought. The adequacy of the current framework arrangement will be reviewed again during 2007/08 as part of the Corporate Procurement Team workplan.</p>

⁶ This is a cross directorate issue, and the full range of suppliers used for legal advice by different departments is not known. In addition, some elements of service have been tendered separately. It is therefore not clear what amount of this supply is in breach.