

Report To: Policy and Resources Committee

Date: 17th November 2009

**Report By: Corporate Director
Improvement and Performance**

Report No: POL/50/09/PW/JL

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Subject: Approval to enter National Contract for Natural Gas.

1.0 Purpose

1.1 The purpose of this report is to seek approval from the Committee to :-

- i) participate in the new collaborative National Contract for Natural Gas established by Procurement Scotland on behalf of all Scottish Public Bodies: and
- ii) delegate authority to the Head of Legal and Administration in terms of Standing Order 10(ii) to enter into National Contract for Natural Gas established by Procurement Scotland, as detailed in Clause 2.4 of this Report, on behalf of the Council as the anticipated contract value exceeds £250,000.

1.2 The Report also seeks approval to enter in this new National Contract for Natural Gas established by Procurement Scotland, notwithstanding the terms of Regulation 26.5 of the Council's Financial Regulations.

2.0 Summary

2.1 Procurement Scotland was created by the Scottish Government to establish and implement, on behalf of all Scottish Public Bodies, National Contract arrangements for Category A commodities. All Scottish Local Authorities are expected to participate in these contracts.

2.2 To enable Inverclyde Council to participate in this new National Contract and share in the potential cost benefits, the authority is required to enter into a Participation Agreement with the Scottish Ministers acting through Procurement Scotland.

2.3 The Council has previously agreed to enter into a number of national contracts established by Procurement Scotland including :

Stationery
Paper & Board
Electricity
Computer Consumables
IT Hardware
Office Equipment
IT Software

2.4 Procurement Scotland expects to award the contract in November and is currently asking public sector bodies to commit to the contract, which will commence on 1 April 2010. The contract covers the period 1 April 2010 – 31 March 2013. Inverclyde Council's spend on this commodity is anticipated to be :

Contract	Anticipated Annual Spend based on 08/09 expenditure	Anticipated Spend over 3 years
Natural Gas	£700,000	£2,100,000

2.5 As set out in Clause 2.4 above, this contract has an anticipated spend above £250,000. Therefore, delegated authority is also sought in terms of Standing Order 10(ii) authorising the Head of Legal and Administration to enter into the contract referred to at Clause 2.4 above as the anticipated spend will exceed £250,000, provided the Corporate Director is satisfied that the contract represents Best Value to the Council.

3.0 Recommendations

3.1 The Committee is recommended to :-

- i) Delegate authority to the Head of Legal and Administration, after consultation with relevant officers, in terms of Standing Order 10(ii) to enter into the National Contract for Natural Gas, referred to at Clause 2.3 above on behalf of the Council as the anticipated contract value will exceed £250,000, provided the Corporate Director is satisfied the contract represents Best Value to the Council.
- ii) To approve the Council entering into the National Contract for Natural established by Procurement Scotland, notwithstanding the terms of Regulation 26.5 of the Council's Financial Regulations.

Paul Wallace
Corporate Director
Improvement and Performance

4.0 Background

- 4.1 Procurement Scotland was launched in March 2008. It was tasked with developing and implementing procurement strategies for national Category A commodities on behalf of public sector bodies including local government.
- 4.2 Category A commodities are defined as:-
- i) Goods or services across the largely common requirements of users in the public sector in Scotland:-
 - ii) Where a single contributing interface facilitates the efficiency and competitiveness of suppliers and -
 - iii) Where the utilisation of contracts established by a single central organisation offers improved cost through consolidated procurement volumes and value.
- 4.3 The new National Contract for Natural Gas is about to be concluded by Procurement Scotland, as detailed in Clause 2.4.
- 4.4 The Council has indicated its desire to be party to the National Contract and procure with a view to achieving potential cost savings.
- 4.5 For the Council collectively and Services individually to realise the full benefits of such arrangements, the Council requires to formally enter into a Participation Agreements with Scottish Ministers as requested.
- 4.8 As required under Standing Order 2.8, the Chief Financial Officer and Head of Legal and Administration have been consulted and have advised that they are content that there are special circumstances in this case that justify a suspension of the Standing Orders to provide the Corporate Director Improvement and Performance with the interim authority sought to authorise the Head of Legal and Administration to enter into the necessary Participation Agreements provided that the Corporate Director is satisfied that the contract represents Best Value.
- 4.9 In addition, in terms of Standing Order 10.2(ii), formal approval is required to enter into Contracts where spend exceeds £250,000 and approval is therefore sought to authorise the Head of Legal and Administration to enter into the Participation Agreements for the National Contract identified in Clause 2.4
- 4.10 Finally, Members should note that entering into this new National Contract, as detailed in Clause 2.4, does not comply with the terms of the Council's Financial Regulations, specifically Regulation 26.5 and authority is ought in this regard.

5.0 Implications

5.1 Finance

The Chief Financial Officer supports the proposals outlined in this report pending a review of the Council's Standing Orders and Financial Regulations provided the necessary consultation with Finance takes place prior to entering into any contractual commitments

5.2 Personnel

N/A

5.3 Legal

Similar discussions to those with Finance have also taken place with the Head of Legal and Administration as required under Standing Order 2.8 and similarly the Head of Legal and Administration endorses the recommendation set out at Clause 5.1 above provided the terms of the contracts are approved by Legal and Administration Services prior to each contract being concluded.

5.4 Equality

N/a