



Procurement Strategy

2013/14

Executive Summary

This document sets out the contribution made by Procurement to the Council during the last financial year (2012/13) and what we aim to contribute during 2013/14.

Last year, in addition to improvements in systems and procedures, thirteen major contracts, totalling over £9m were awarded. Monetary benefits totalling in excess of £3m from these procurements were secured as well as other benefits for the Council and our residents:

- £3,000 costs under original budget for the new workshop,
- £75,000 savings against previous costs of supplying new doors and windows, window cleaning and PAT testing
- £2.9m of income through contracts for collection of dry recyclates and third party funding for energy efficiency improvements
- Community benefits through apprenticeship schemes and community “pay back” schemes

Other successes include

- Increased transparency by voluntarily publishing spend data above £250
- Implementation of Government Procurement Cards

The appointment of a main contractor for the Housing development programme is in place, using a national framework which not only avoids costly and time intensive tendering of the contract but requires the contractor to secure up to 80% of the supply chain (including sub contractors) from the local market.

Next year we will continue to improve systems, with the introduction of a purchase order system that integrates with our Financial Information System. Details are set out in the Action Plan. The work plan identifies 29 contracts to be let during the year. We will provide an update on these, and the successes in the Procurement Strategy next year.

Last year was the first time the Procurement Strategy was presented in this format. We have retained the same format as we feel it is easy to understand. It provides summary information without being too detailed. If you would like further details please do not hesitate to contact the Procurement Manager.



Procurement Ambitions & Priorities for 2012/13

- How did we do?

We made significant achievements against the Action Plan for the year. More specific details are provided on pages 5-7.

Many of the actions detailed now become “business as usual” and will remain on-going.

In particular the implementation of the purchase order module of the financial information system, the development of e-tendering and the growth in the use of Government Procurement Cards will remain high priorities and for this reason will be included on the Action Plan for 2013/14.

We have awarded nine contracts set out on the work plan, involving the Tenants Forum in several and undertaking leaseholder consultation where required to do so. There have been some notable successes:

- Door & Window replacements: average of 9% saving per property
- New Workshop and Holloway Crescent: secured under the budget allocated
- Dry Recyclates: expected to generate income of approx £1.9m.

Contracts are awarded on the basis of “Most Economic Advantageous Tender” (or “MEAT”) and as a result the Council is deriving some additional “added value” benefits. Some examples include:

- opportunities for apprenticeship schemes
- conducting roof surveys whilst high level access equipment is already in place
- Innovation by style simplification of windows and inclusion of vents, suggesting significant savings with a gain share agreement
- Added value to the community through a corporate fund (e.g. providing windows to a community building such as a scout hut).

During the year the Procurement work plan was managed flexibly to accommodate the following significant contracts:

The supply and installation of Air Source Heat Pumps. Two contracts were awarded to E-ON, using a grant secured under the Renewable Heat Premium Payment scheme.

The supply and installation of External Wall Insulation. A contract was awarded to Keepmoat Ltd following a competitive tender, which will improve the quality of 120 properties and quality of life for tenants by improving insulation, reducing heating bills and contributing to the reduction of fuel poverty. The Council secured 87% grant funding as part of this initiative.



Re-development of Mead Court, Stansted & several garage sites. This is a £3.4m contract which has been awarded to Willmott Dixon. This appointment has been made under a national framework which brings a number of “added value” benefits, including a requirement for the main contractor that up to 80% of works will be sub-contracted. This will be targeted to the local supply market to provide economic benefits and support the local economy. The Council will be hosting a “Meet the Buyer” event at the Council offices to promote this initiative.

Changes in legislation and case law are continually under review. One impact this year is the change in working practices to ensure that statutory requirements set out in the new Public Services (Social Value) Act 2012 identified in the 2012/13 Strategy and which came into effect on 31 Jan 2013 will be complied with. This legislation requires us to consider social, environmental and economic impacts when tendering proposed contracts in accordance with EU legislation.

The Council continues to publish transparency information on our web site showing payments for goods and services on a quarterly basis. From 1 July 2012 the Council reduced the threshold for publication from £500 to £250.



Procurement Action Plan 2012/13

	Action	Outcome	Progress	By When ¹
1	Increase the use of Government Procurement Cards (GPC)	to speed up ordering processes for staff whilst reducing invoice volumes by increasing number and value of transactions made using GPC.	<p>ACHIEVED: Cards now issued to 9 members of staff authorised to place orders on behalf of the Council</p> <p>Applications are in progress for a further 6</p> <p>A total value of purchases just under £3,000 has been processed.</p> <p>Staff report that the flexibility the cards provide has been very beneficial, enabling them to purchase from sources that would previously not have been open to them.</p> <p>GPC cards have offset the processing of 10 expenses claims forms and 7 purchase orders. Based on the Audit Office calculations (£25 per transaction), a saving of £425</p>	Q3
2	Publish Contracts Register in the public domain	to contribute to the Governments Transparency Agenda by publishing details of Council Contracts	<p>ACHIEVED: Contracts are available to the public to view. They can be accessed directly from the Improvement East web site http://contracts.improvementeast.gov.uk or via the link published on our own site:</p> <p>This now includes data from all Essex Authorities and Housing Associations and most of the Authorities in East of England.</p> <p>The Council is one of six members on the User Group which aims to identify opportunities for collaboration and savings from the data now published.</p>	Q2

¹ Quarter 1 (Q1) was April / May / June 2012,
 Quarter 2 (Q2) was July / August / September 2012,
 Quarter 3 (Q3) was October / November / December 2012,
 Quarter 4 (Q4) was January / February / March 2013

	Action	Outcome	Progress	By When ²
3	Propose an amendment to Contracts Procedure Rules to include a requirement that where quotations are obtained (up to £50,000) at least one quotation shall be from a local company wherever possible	to increase opportunities for local companies to do business with the Council.	ACHIEVED: Following Cabinet approval of the 2012/13 Procurement Strategy on 5 April 2012 Contracts Procedure Rules were amended to state "Officers shall obtain at least one quotation from a local company wherever possible" ("Local" being defined as a 20 mile radius of Gt Dunmow or Saffron Walden)	Q1
4	Ensure that the criteria for the award of all contracts tendered by the Council is "Most Economic Advantageous Tender"	to ensure contracts awarded in 2012/13 (see programme at Appendix 1) are to those contractors demonstrating value for money not just "cheapest".	ACHIEVED: All documents used during the procurement process, including the procurement strategy for the proposed contract, the invitation to tender" and guide to evaluation of tenders have been amended to include the following statement <i>This contract shall be awarded on the basis of Most Economic Advantageous Tender in terms of economic, social and environmental benefits, taking into account the entire life-cycle costs of the goods / services / works</i>	Q1
5	Implement the Purchase Order module of the Financial Information System	to streamline the placing of purchase orders and payment of invoices to provide easy access to management information	PARTIALLY ACHIEVED: Working with the Corporate Team, initial set up work has commenced with Authorised Signatories and Supplier Details now prepared for data entry. Purchases will be categorised to enable comprehensive spend analysis to be undertaken.	Q4
6	Build on the collaborative working relationships with regard to the West Essex Alliance, exploring opportunities for joint working	to explore areas for efficiencies and savings	ACHIEVED: Several meetings have been held and good working relationships and communication has been established. As the Authorities meet regularly at Procurement Agency for Essex meetings this will remain the prime means of communication and where specific opportunities are identified these will be developed	Q2

² Quarter 1 (Q1) was April / May / June 2012,
Quarter 2 (Q2) was July / August / September 2012,
Quarter 3 (Q3) was October / November / December 2012,
Quarter 4 (Q4) was January / February / March 2013

	Action	Outcome	Progress	By When ³
7	Review the use of Pre-Qualification Questionnaires	to critique use in the light of Government drives to abolish the use of PQQ's further allowing access to business opportunities by SME's	PARTLY ACHIEVED: Consultation with prospective contractors has been sought, seeking feedback from suppliers who have applied for tenders in the last 12 months.	Q3
8	Support the work of the Economic Development Officer including attending Business Liaison Meetings	to improve access for opportunities to do business with the Council, particularly for local suppliers.	ACHIEVED: The Procurement Manager and Economic Development Officer continue to work together, consulting on strategies and offering support for meetings such as Business Liaison meetings and Town Centre meetings.	Q3
9	Liaise with Business Rates department to arrange for publication of contracts due for re-tendering in 2013/14 to local suppliers with Business Rates invoices	to improve access and information to local companies including new business opportunities	ACHIEVED (in Q4): The contract opportunities identified for the next twelve months have been provided to colleagues in the Business Rates department for publication and inclusion with correspondence to local businesses.	Q3
10	Continue to develop e-Procurement	to streamline working practices and reduce burden on companies wishing to trade with the Council	PARTLY ACHIEVED: The Council is working collaboratively with other Authorities in Essex – under the Procurement Agency for Essex to implement one e-tendering system. An analysis of needs has been undertaken by Harlow District Council, who is the lead Authority for the project. The final report and recommendations is awaited.	Q4

³ Quarter 1 (Q1) was April / May / June 2012,
Quarter 2 (Q2) was July / August / September 2012,
Quarter 3 (Q3) was October / November / December 2012,
Quarter 4 (Q4) was January / February / March 2013

Procurement Work Plan 2012/13 (Planned Contracts)

Contractual Requirement	Contract Start Date	Achievements	
Infrastructure for Waste Collection Service	April 2012	Contract withdrawn in favour of providing this service in-house (proven to be the most cost effective solution)	
Office Supplies	April 2012	Migrated to new Government Procurement Services Framework contract	
Telecare System: Monitoring & Response	April 2012	<p>Following a tender exercise, this contract (previously two contracts) has been awarded to NHS Central Essex Community Services, a Community Interest Company. This contract provides a number of additional value benefits to users of Telecare (or "Warden Call") systems that stem from the service provider having access direct access to medical services – for example being able to make referrals to relevant health services or local community health services such as GP's, District Nurses, Long Term Conditions Teams, Mental Health and Falls prevention services.</p> <p>It also provides the Council with the ability to provide Response Services to individuals outside of Sheltered Accommodation – a service which can now be marketed to provide an income opportunity.</p>	
Water Monitoring & Treatment (Legionella Control)	April 2012	Collaboration opportunities to appoint one contractor jointly with other Essex Authorities have been explored unfortunately without success. The proposed contract will now be tendered for this Authority alone.	
Window Replacement Programme	April 2012	<p>Following a tender exercise, with the involvement of Tenant Forum Members & Officers, this contract has been awarded to Wrekin Windows. The contract brings savings compared to the previous contract (average 9% on a typical house, 6% on a typical bungalow and 12% on a typical flat)</p>	Saving compared to what was previously being paid = Estimated £73,200.
Consultant - Utilities Procurement (Oct 2012 - Sept 2016)	April 2012	Following a review, it was decided to continue to work with LASER (part of Kent County Council) aggregating the spend of this authority with others and benefiting from the specialist market sector knowledge LASER can provide.	
External pre-paint & roof line repairs and painting	April 2012	Following a tender exercise, with the involvement of Tenant Forum Members & Officers, this contract has been awarded to Mitie Property Services.	
EEIP Phase II - Commercial Boiler Replacement Programme	June 2012	Tenders have now been received and a preferred bidder identified. Due diligence reviews are under way.	
Construction - Holloway Crescent Phase II	May 2012	Following a tender exercise, this contract has been awarded to Gipping Building Contractors.	
Logistics stream for Dry Recyclable Materials	April 2012	Following a tender exercise, collaboratively with Braintree District Council, this contract has been awarded to Bywaters (Leyton) Ltd. It is expected that £1.9m of income will be generated in the first five years of the contract.	Income Generation = approx £1.9m
Workshop at Shire Hill Depot, Saffron Walden	April 2012	Following a tender exercise, this contract has been awarded to Cocksedge Building Contractors.	Saving compared to original budget = £3,000

Contractual Requirement	Contract Start Date	Achievements
Lifts & Stairlifts	January 2013	Options to appoint a contractor under a collaborative framework have been explored, as have opportunities to work collaboratively with other Essex Authorities, without success. The contract will now be tendered for this Authority alone.
Window Cleaning Contract	January 2013	A one year contract has been awarded to Monthind. A review of the service provision with client officers has reduced costs by just over 10
Disabled Adaptations Contract	October 2012	Alternative delivery models for this contract have been explored but concluded that a stand alone contract remains the preferred solution. The proposed contract shall now be tendered for the Authority.
Domestic Boiler Replacements Gas	May 2013	This is one of three contracts currently in place in respect of central heating and hot water systems in domestic properties. A major review of the way in which this service is delivered is currently under way.
Domestic Boiler Replacements Oil	Sept 2013	This is the second of three contracts currently in place in respect of central heating and hot water systems in domestic properties. A major review of the way in which this service is delivered is currently under way.
Fire Safety	March 2013	The outcome of a national EU compliant framework established by ESPO is awaited following which the service will be transferred to the new provider
Electricity	October 2012	Following an OJEU compliant tender in collaboration with other authorities and led by LASER, a new contract was awarded to NPower Ltd
Gas	October 2012	Following an OJEU compliant tender in collaboration with other authorities and led by LASER, a new contract was awarded to Total Gas and Power Ltd
CCTV - Saffron Walden	August 2012	Support and advice has been provided to the Town Council who are tendering this requirement.
Service & Repair of Gas & Oil Central Heating	February 2014	This is the third of three contracts currently in place in respect of central heating and hot water systems in domestic properties. A major review of the way in which this service is delivered is currently under way.
Insurance	October 2013	Pre-Procurement work has commenced, identifying most cost effective way of specifying requirements and agreeing the procurement strategy. Commencement date should be October 2013.
Accommodation Cleaning	Sept 2012	The option to extend this contract by 12 months has been exercised.

Saving compared to what was previously being paid = £1,149

Procurement Ambitions & Priorities for 2013/14

- What will we do?

We will support the Council at all levels to deliver statutory responsibilities and to fulfil the corporate priorities as set out in the corporate plan 2013-2018:

- Remain a low tax Council
- Continue to listen and respond to our communities
so we may stay focused on the delivery of high quality key services that matter
- Share the benefits of growth with our communities
in a responsible way that protects and enhances our environment
- Improve Prosperity

- How will we do it?

We will support and advise internal departments in the delivery of their strategic objectives. For example, actions set out in the Housing strategy to set up a new framework with a development partner to implement the new council house building programme and to implement a more efficient and cost effective supply chain for repair materials.

We will challenge ways of working and procuring contracts, seeking opportunities for

- Efficiency Improvements
- Value for Money
- Local Economy
- Collaboration

We will keep up to date with legislative changes, including the proposed revised EU Procurement Directive, and best practice that influences our ways of working.



Procurement Action Plan 2013/14

	Action	Outcomes	Efficiency Improvements	Value for Money	Local Economy	Collaboration	By When ⁴
1	Let contracts set out in the work plan for 2013/14	<ul style="list-style-type: none"> Lawfully compliant contracts awarded on the basis of most economic advantageous tender, identifying improvements and cost savings as part of the strategy for their procurement. 	✓	✓	✓	✓	Q4
2	Explore opportunities to engage with voluntary sector organisations	<ul style="list-style-type: none"> Seek input of voluntary and community groups when contracting for services. 		✓	✓	✓	Q2
3	Implement data gathering to report business dealings with Small and Medium Size Enterprises ⁵ (SME's)	<ul style="list-style-type: none"> understand current business relationships with SME's remove any potential barriers or requirements that may disadvantage SME's in the procurement process 	✓		✓		Q1

⁴ Quarter 1 (Q1) is April / May / June 2013,
 Quarter 2 (Q2) is July / August / September 2013,
 Quarter 3 (Q3) is October / November / December 2013,
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⁵ Definitions:

In the UK, definitions for small and medium sized companies refer to those having at least two of the following: a turnover of not more than £22.8 million, a balance sheet total of not more than £11.4 million and the average number of employees must be 250 or fewer.

	Action	Outcomes	Efficiency Improvements	Value for Money	Local Economy	Collaboration	By When ⁶
4	Continue to develop e-Tendering, in collaboration with the Procurement Agency for Essex	<ul style="list-style-type: none"> streamline working practices reduce burden of companies wishing to do business with the Council 	✓		✓	✓	Q3
5	Implement the Purchase Order module of the Financial Information System	<ul style="list-style-type: none"> streamline the placing of purchase orders and payment of invoices provide management information to undertake spend analysis 	✓	✓			Q2
6	Increase the use of Government Procurement Cards (GPC)	<ul style="list-style-type: none"> provide flexibility for officers and speed up ordering processes. reduce invoice volumes by increasing the number and value of transactions made using GPC to become the preferred method for low value purchases meet the “Code of Recommended Practice for Local Authorities on Data Transparency” by publishing payments to the underlying merchant/supplier as opposed to the card provider 	✓	✓			Q4

Responsibility for completing these actions will rest with the Assistant Chief Executive – Finance, supported by the Procurement Manager.

⁶ Quarter 1 (Q1) is April / May / June 2013,
Quarter 2 (Q2) is July / August / September 2013,
Quarter 3 (Q3) is October / November / December 2013,
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Appendix 1 (Work Plan – Planned Contracts)

Proposed Contracts	2013/14												2014/15											
	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M
Water Monitoring & Treatment (Legionella Control)																								
EEIP Phase II - Commercial Boiler Replacement Programme																								
Lifts & Stairlifts																								
Window Cleaning Contract																								
Disabled Adaptations Contract																								
Domestic Boiler Replacements Gas																								
Domestic Boiler Replacements Oil																								
Fire Safety																								
Service & Repair of Gas & Oil Central Heating																								
Consultant - Utilities Management																								
Electrical Services - Repairs & Maintenance (North & South)																								
Responsive Building Repairs & Maintenance (North & South)																								
Electrical rewires																								
Small Engineering Works (Civil Engineering)																								
Replacement Software for Housing Services																								
Museum Storage Building																								
Insurance																								
Warden Call Equipment Upgrades																								
Consultant – Utilities Management																								
Supply & Installation of replacement kitchens																								
Customer Payment Cards																								
Photocopier																								
Asbestos Surveys / Asbestos Removal																								
Housing Developments																								
In-Cab Technology																								
IT Web site / Intranet Development																								
Saffron Walden Castle Improvements																								
Consultant: Accommodation needs of the travelling community (Essex Wide)																								
Eco & Green Deal Improvements (Essex Wide – advisory role)																								

