



Procurement Strategy

2014/15

Review of 2013/14

A busy but successful year in which we made significant progress against our Action Plan. More specific details are provided on pages 3 – 5.

Ten contracts, totalling £8.2m were awarded, contributing the savings against budgets:

- Savings of £14,000 against the budget for Fire Safety services
- Savings in the budget for warden call upgrades (£140,000 against a budget of £400,000) which enabled the upgrading of equipment to include Managers Panels (which are proving beneficial in providing management data and call history) as well as three additional smoke detectors within each flat of Sheltered Housing schemes to meet new British Standards. An incident in one of the schemes shortly afterwards was contained very quickly as a result of these improvements.

Some contracts were awarded in collaboration with other organisations, including Insurance and the Warden call upgrades. The contracts benefit from economies of scale and cost avoidance where the tender process was either avoided completely, or was a call for further competition as opposed to a full OJEU process.

Significant resources have been invested in testing “E-Buy” prior to going to live and we are grateful to colleagues who contributed. Training of staff in the last quarter of the financial year and support as these departments go live has been provided and will continue in the new financial year.

The work plan was managed flexibly during the year to accommodate some unplanned works including:

- Competitive tendering of External Wall Insulation under the ECO funding stream
- Refurbishment of the Newport Depot
- Roll out of fuel cards across the fleet following the closure of the fuel stores
- Laundry equipment for Sheltered Housing
- Two new refuse vehicles and new vehicles for cleaning.

We attended a “Meet the Buyer” event at Stansted Airport in October and held a very successful “Meet the Buyer” event with Willmott Dixon to engage with the local supply and trades market for the Mead Court re-development.

An Internal Audit of Procurement and Contracts in November 2013 was completed resulting in an opinion of “substantial” (i.e. Good effective management of risk; no significant recommendations arising).

Procurement Action Plan 2013/14

	Action	Outcomes	Progress	By When ¹
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. 	<p>Of the 28 projects on the work plan:</p> <ul style="list-style-type: none"> • 9 contracts have been tendered and contracts awarded, including one contract for all Authorities in Essex, on which the Council lead. • 1 contract renewed • 1 contract brought in-house • 2 contracts withdrawn • 2 contracts are being lead by other parties and the Procurement Manger is providing advice as necessary. <p>Procurement of the remaining 13 is in progress, and includes working closely with the Housing team to move from current contract pricing to the National Housing Federation model which will assist the Council in benchmarking services with other organisations and demonstrating value for money (See Appendix 1)</p>	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. 	Engagement with colleagues in Community Partnerships has established a simple method of communication seeking interest from relevant bodies when tenders are being prepared	Q2

¹ Quarter 1 (Q1) is April / May / June 2013,
 Quarter 2 (Q2) is July / August / September 2013,
 Quarter 3 (Q3) is October / November / December 2013,
 Quarter 4 (Q4) is January / February / March 2014

	Action	Outcomes	Progress	By When ²
3	Implement data gathering to report business dealings with Small and Medium Size Enterprises ³ (S'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 	Information gathering with the current supply base has been undertaken and will allow reporting in the new purchase order system to be carried out.	Q1
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 	The PAE are continuing the business relationship with BiP who host their website and supplier portal. The Council has been offered a free trial of e-tendering package and it is proposed that the Responsive Repairs contract be tendered in this way.	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 	The system – "E-Buy" – has been successfully tested. Training sessions have been completed with several departments who are now live on the system. It is anticipated that all departments will be live with effect from the start of the new financial year.	Q2

² Quarter 1 (Q1) is April / May / June 2013,
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³ 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	Progress	By When ⁴
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 	<p>The number of card holders has increased, although not as much as expected.</p> <p>Whilst anticipated that Government Procurement Cards would be the preferred method for low value purchases, this will be kept under review given the efficiencies now anticipated from “E-buy”.</p>	Q4

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

⁴ Quarter 1 (Q1) is April / May / June 2013,
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Appendix 1 – Planned Works in 2013/14

Contractual Requirement	Expected Start Date	Achievements
Water Monitoring & Treatment (Legionella Control)	Sept 2013	Tender documents in preparation
EEIP Phase II - Commercial Boiler Replacements	May 2013	Contract awarded.
Lifts & Stairlifts	Dec 2013	Tender documents in preparation
Window Cleaning Contract	Mar 2014	Specification reviewed. On target.
Disabled Adaptations Contract	Sept 2013	Brought in-house
Domestic Boiler Replacements Gas	May 2013	Intended to bring all three contracts into one, with a view to tendering as one solution. However a change in Asset Manager has revised this approach. Tender documents in preparation
Domestic Boiler Replacements Oil	Sept 2013	
Service & Repair of Gas & Oil Central Heating	April 2014	
Fire Safety	April 2013	Contract Awarded. Profile £14,000 cashable savings and significant reduction in invoices from 204 per annum
Electrical Services - Repairs & Maintenance	June 2014	Tender documents being prepared using the National Housing Federation model.
Responsive Building Repairs & Maintenance	June 2014	
Electrical rewires	Aug 2014	Tender in preparation – on target.
Small Engineering Works (Civil Engineering)	May 2014	Tender documents in preparation
Replacement Software for Housing Services	Mar 2014	Withdrawn
Museum Storage Building	Oct 2013	Contract Awarded
Insurance	Sept 2013	Contract Awarded
Warden Call Equipment Upgrades	Aug 2013	Contract Awarded Cost - £140k. Budget = £400k. Saving of 10% on maintenance contract (£4,000)
Consultant – Utilities Management	Oct 2013	Contract Awarded
Supply & Installation of replacement kitchens	Jan 2014	Tender documents in preparation
Customer Payment Cards	Jul 2013	Contract renewed
Photocopier	Mar 2013	On target
Asbestos Surveys / Asbestos Removal	Dec 2013	Tender documents in preparation
Housing Developments	Nov 2013	Contract awarded for Mead Court.
In-Cab Technology	June 2013	Contract Awarded
IT Web site / Intranet Development	July 2013	Withdrawn
Saffron Walden Castle Improvements	March 2013	On-going support and advice as required.
Consultant: Accommodation needs of the travelling community (Essex Wide)	June 2013	Contract Awarded
Eco & Green Deal Improvements Essex Wide – advice only	Sept 2013	On-going support and advice as required.

Procurement Ambitions & Priorities for 2014/15

The Procurement Strategy sets out five initiatives we have identified which will contribute to the themes of Low Tax, High Quality, Responsibility and Prosperity set out in the Corporate Plan.

The work plan for the financial year (set out at Appendix 2) lists 22 contracts for procurement. These will be competitively tendered in accordance with Contracts Procedure Rules and all relevant legislation. The commissioning phase for each of them will include consideration of how the contract is packaged and tendered to remove any potential barriers to business for SME's. This might include tendering the contract in small lots as opposed to one big contract or no requirement for Pre-qualification questionnaires which Central Government are keen for us to do. Representatives from the Housing Tenants Forum will also be involved.

It is a challenging programme of work. The Housing department have chosen to move to the National Housing Federation model contracts which will undoubtedly benefit the Council. However, there is a considerable amount of preparation and information required to achieve a successful outcome. The departments will work closely together and the recent appointment of a Contracts Officer will provide support for this programme of work.

It is expected that there will be a high degree of support required for colleagues across the organisation as new working practices resulting from the implementation of "E-Buy" become business as usual. The real benefits - streamlining our ordering, payments to our suppliers and commitment accounting for improved budget controls - will be realised during the year.

In addition to the work plan we will also be:

- providing more support and training for Officers responsible for contract monitoring.
- signing up to Prompt Payment code which will make us more attractive as a customer (particularly SME's for whom cash flow is particularly important).
- keeping up to date with best practice that influences our ways of working
- taking account of legislative changes which affect our work, including the new public procurement directive and separate directive on the award of concession contracts approved by the European Council on 15th January 2014.

	Action	Outcomes	Low Tax	High Quality	Responsible	Prosperity	By When ⁵
1	Let contracts set out in the work plan for 2014/15	<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, taking into account the needs of the local community where possible. 	✓	✓	✓	✓	Q4
2	Provide support for colleagues implementing new working practices as a result of the implementation of "E-Buy"	<ul style="list-style-type: none"> • Reduce administrative processes for placing orders and payment of suppliers • Speeding up payments to suppliers • Providing a transparent audit trail • provide management information to undertake spend analysis 	✓	✓	✓		Q2
3	Formalise contract management procedures	<ul style="list-style-type: none"> • Provide support to Officers to improve management of contracts and contractors • Seek continuous improvements, innovation and better ways of working 	✓	✓			Q3
4	Review conditions of contracts	<ul style="list-style-type: none"> • To ensure contracts are relevant and up to date • Include a requirement for main contractors to include provisions for reporting and monitoring. • To cascade the policy for Safeguarding of children, young adults and vulnerable adults to contractors 		✓			Q2
5	Seek engagement with the London Stansted Cambridge Consortium	<ul style="list-style-type: none"> • To identify collaborative procurement opportunities, increasing purchasing power and engagement with local suppliers. 	✓			✓	Q3

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Appendix 2 - Planned Works for 2014/15

Requirement	Budget	Housing	Corporate	Approach
Water Monitoring & Treatment (Legionella Control)	£55,000/yr	✓	✓	A tender for either two or three years. Although not a high value contract, there are statutory duties on the Council to carry out the works.
EEIP Phase II - Commercial Boiler Replacements	£300,000	✓		A tender to carry out the second phase of works in sheltered housing
Lifts & Stairlifts	£32,000/yr	✓	✓	Initial investigations of some national frameworks are not promising so it is likely that we will need to tender this. Market research also suggests that the contract be split into two discrete areas which would be more attractive to providers. We will also consider purchase vs lease or rent options for stairlifts
Window Cleaning Contract	£12,300/yr	✓	✓	Historically lead by the Stewards, as this contract is mainly for Sheltered Housing, they will take the lead. The value of the contract does not require tendering, just quotations. The Contracts Officer will provide assistance.
Domestic Boiler Replacements Gas	£570,000	✓		Currently two contracts which will be consolidated. A three year contract, with the option to extend for 2 x 1 year periods will be tendered. This is a Works contract and therefore below the EU threshold.
Domestic Boiler Replacements Oil				
Service & Repair of Domestic Central Heating	£330,000	✓		A contract to be let for a period to be agreed. As a service contract, this will trigger the EU threshold and unless a framework is identified and deemed appropriate to use, this will be a significant piece of work and will be high priority.
Responsive Building Repairs & Maintenance	£600,000	✓		A contract for 4 years, with an option to extend for 2 x 1 year periods. This is a Works contract and therefore below the EU threshold. This will be a significant piece of work and will be a high priority.
Electrical Services - Repairs & Maintenance	£72,000	✓		Currently two contracts which will be consolidated. Electrical re-wiring will be classified as a "Works" contract for the purposes of the Public Contract Regulations and, as the significant spend area, the contract will be below the threshold for EU. This will be a significant piece of work and will be high priority.
Electrical rewires	£650,000	✓		
Small Engineering Works (Civil Engineering)	£120,000	✓		A tender for a period yet to be agreed.
Supply & Installation of replacement kitchens	£550,000	✓		A new requirement for Housing. The works are currently being carried out on an ad-hoc basis with our maintenance contractor, but as the scope is increasing, surveyors have identified a need for a stand alone contract.

Requirement	Budget	Housing	Corporate	Approach
Photocopiers in Reprographics	£24,000/yr		✓	Considering options to extend current contracts to provide a co-terminus expiry date with corporate MFD's (March 2015)
MFD's	£22,050/yr		✓	Utilise National frameworks to carry out further competition
Asbestos Surveys	£80,000	✓		Either utilise a national framework, or carry out a tender for a contract. This will be subject to EU Regulations if the contract value exceeds £173,000
Asbestos Removal	Not known	✓		Works carried out as part of capital works do not have a separate budget. An option to either tender this, or to include as part of main contractor requirements. Further details to be scoped and agreed with Housing
Housing Developments/ Redevelopment of Sheltered Schemes – Professional Services	Not known	✓		Quotations have been obtained to appoint consultants for the 2014/15 programme; however with the on-going programme of works by the Housing team it would be beneficial to tender for a framework of consultants. If the value exceeds £173,000 there will be a requirement to tender in accordance with EU Regulations
Housing Developments/ Redevelopment of Sheltered Schemes - Contractors	Not known	✓		Each development will be considered and will be required to be tendered. It is anticipated that either the Architects or Employers Agents will lead.
Options for Depot Management	Est £120,000/yr	✓		Options are currently being considered which may result in the requirement to tender this in accordance with EU Regulations
Commissioning for the re-tender of Electricity Supplies	£164,000/yr	✓	✓	Considering options for tendering of successor contracts. Anticipate continuing in collaboration with LASER, however need to agree our approach (potential for fixed price contracts vs variable pricing)
Commissioning for the re-tender of Gas Supplies	£160,000/yr	✓	✓	Considering options for tendering of successor contracts. Anticipate continuing in collaboration with LASER, however need to agree our approach (potential for fixed price contracts vs variable pricing)
Maintenance of Commercial Heating Plant & Equipment	£44,500/yr	✓		Obtaining quotations for a one year agreement.
IT Software - Choice Based Lettings for Housing	£23,000/yr for each partner	✓		A joint initiative with the Hertfordshire & Essex Housing Options Consortium (Uttlesford, Chelmsford, Epping, Broxbourne, East Herts and Brentwood). Chelmsford City Council will lead on this re-procurement