

Committee: Governance, Performance & Audit

Date:

Title: Bi-Annual Procurement Update

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Summary

1. This report provides members with an update on procurement activity for the period October 2018 to March 2019, the last six months of the 2018/19 financial year.
2. The key information included in the report is on the two specific areas requested:
 - Contracts awarded over the value at which they are required to be tendered (currently £50,000)
 - Instances where requests for exceptions to Contracts Procedure Rules have been requested
3. This report also includes a briefing note on plans for a revised approach to The Procurement Strategy.

Recommendations

4. The Committee notes the content of the report.

Financial Implications

5. There are no financial implications associated with this report.

Background Papers

6. The following papers were referred to by the author in the preparation of this report and are available for inspection from the author of the report.
 - Procurement Service Plan 2018/19

Impact

7. There are no adverse impacts identified as a result of this report

Communication/Consultation	None
Community Safety	None
Equalities	None
Health and Safety	None
Human Rights/Legal Implications	None
Sustainability	None
Ward-specific impacts	None
Workforce/Workplace	None

Contracts awarded over the value at which they are required to be tendered (currently £50,000)

8. Procurement has been completed on four major contracts during the period under review. Two were awarded following approval of exception requests the details for which are included in Appendix B. The other two contracts have been tendered in accordance with Contracts Procedure Rules.

Replacement of Refuse Vehicles

9. Tenders were invited for the replacement of 10 vehicles timetabled for replacement during 2018/19 and 2019/20. This aggregation increased the value of the contract aiming to improve the prices achieved and reduced our overheads by avoiding the need to repeat the procurement process in each year. The tender for the vehicles, carried out under a framework let by YPO¹, was packaged in three Lots:

- 1 No 26 Tonnes Vehicle for Collection of Trade Waste
- 1 No 26 Tonnes Vehicle for Collection of Garden Waste and
- 8 No 32 Tonnes Split-Body Vehicles for Collection Domestic Waste

10. Following evaluation of tenders, which included a driver evaluation, two contracts have been awarded –

▪ ¹ YPO = Yorkshire Purchasing Organisation is a publicly owned central purchasing body based in Wakefield, Yorkshire. It is owned and governed by a consortium of county, metropolitan and borough councils in Yorkshire and the North West England. It provides a wide range of resources and services to schools, councils, charities, emergency services, and other public sector organisations. It claims to be the 'largest formally constituted public sector buying organisation in the UK'. As a district authority we are able to use agreements they have tendered and which already comply with The Public Contracts Regulations 2015 (as amended). This statute implements the EU Public Procurement Directives in the UK

- Heil Farid European Company Ltd will be providing the Trade Waste Vehicle.
- Dennis Eagle will be providing the Garden Waste and Domestic Waste collection vehicles.

11. In total, the contracts are worth £2,096,269. This is £71,000 below the budget allocated in the capital programme. Vehicles are typically on a 26 week lead time and are due for delivery in October 2019.

Supply & Installation of Replacement Kitchens and Bathrooms to include Wet Rooms for Disabled Adaptations

12. Two contracts have been awarded for this work following a lengthy procurement process where a great deal of consideration was given how best to target the market and how the contract(s) should work in practice.

13. Rather than aggregate this contract which was deemed too small for many of the main contractors but too large for the smaller companies, the Property Services team were receptive to the idea to divide the contract into three geographic areas, Uttlesford North, Uttlesford South East and Uttlesford South West. The same areas are also used by our Housing Officers.

14. In addition to making this a more attractive contract to the smaller providers, this builds in resilience by having more than one contractor.

15. We also approached the supplier of the kitchens we specify and secured their agreement to advertise the opportunity in their outlets as well as our usual advertising.

16. As a result of these initiatives we had the greatest number of expressions of interest seen in the last nine years – and many were SME's²

17. Maintenance contracts in Property Services are now being re-let on the basis of the National Housing Federation M3 model form of contract, allowing for standardisation of the terms and conditions in use by all surveyors regardless of the work stream.

18. Experience is suggesting many smaller providers are being deterred from tendering due to the complexity of these documents so we invested a lot of time to make them user friendly.

19. Whilst not detracting from the finished contract document, the language was changed from “the client” to “us” or “we” and “Tenderer” changed to “you” or “your”. The layout was also changed so cross- references are easier to follow. This saved a large number of pages in the documents but more importantly made it far easier to read and to follow, particularly for smaller companies who have less experience of tendering for public sector work.

² A small or medium-sized enterprise, or SME, as defined by the European Commission is business or company that has fewer than 250 employees; and has either (a) annual turnover not exceeding €50 million (approximately £40 million) or (b) an annual balance-sheet total not exceeding €43 million (approximately £34 million)

20. The standard questions in the National Housing Federation model were also set aside and instead tenderers were given two scenarios (based on real life events) to which they were set questions asking how they would approach the works.
21. This tailored approach has avoided the receipt of generic responses which has been our experience. Whilst easier for tenderers to prepare as templates, generic responses add little to our understanding of what a contractor can do for us. By contrast, practical specific responses give the surveyor greater confidence that contractors can provide the type and level of service which we are seeking.
22. Two contractors have been appointed – Gracelands being awarded one area and Garfields being awarded two areas. Work has already commenced and it is pleasing to report that we have had a number of compliments from tenants regarding the service they have been receiving.
23. Over the life of the contract (five years with an option for further periods up to four years which allows the Council to develop longer lasting, partnership working) the contracts are estimated to have a combined value of £4,039,200 (this value has been calculated simply by using the 2018/19 annual budget of £300,000 for replacement kitchens and bathrooms (primarily kitchens) and £180,000 for Wet Rooms (disabled adaptations) – a total of £480,000).
24. The Procurement Manager is also working with the Property Services team to improve record keeping and to streamline payments and with the Environmental Health team to explore use of the same contractors to deliver Disabled Facilities Grants work more cost effectively than current providers.

Instances where requests for exceptions to Contracts Procedure Rules have been submitted

25. Six exception requests have been made during the period of this report and are detailed in Appendix A (contract value between £10,000 and £50,000) and Appendix B for contract values over £50,000.

Procurement Strategy 2019/20

26. A Procurement Strategy is usually prepared each year to include the work plan and what aspects will be taken into consideration in each contract to be procured.
27. The introduction of Service Plans across the Council has replaced the need to include the work plan within the Strategy Document but provides us with an opportunity to focus more on what aspects we wish to consider, including areas such as Environmental issues or Social Value.
28. Last year, the Local Government Association (LGA) published a National Procurement Strategy and the format lends itself very well to our own approach.
29. The Procurement Manager is recommending the Council's Strategy mirrors the National one which will have the additional benefit that we will be able to benchmark our own successes with other authorities.

30. The [National Procurement Strategy](#) is based on three key themes with a further breakdown into key areas:

- Showing Leadership
 - Engaging Councilors and Senior Managers
 - Working with Partners
 - Engaging Strategic Suppliers
- Behaving Commercially
 - Creating Commercial Opportunities,
 - Managing Contracts and Relationships
 - Managing Strategic Risk
- Achieving Community Benefits
 - Obtaining Social Value
 - Engaging Local SME's and Micro Businesses
 - Enabling VCSE Engagement

31. Consultation was undertaken by the LGA and has shown the themes reflect local government's priorities for the next four years. The themes are further broken down into key areas.

32. The concept is for us to assess how well we are doing in each area. The levels of achievement being "minimum", "developing", "mature", "leader" and "innovator" based on set criteria.

33. The Procurement Manager proposes to lead a working group made up of Officers from the Senior Management Team to undertake this assessment before going on to consider which themes are to be our priorities for the year. An update will be provided with the next half-yearly report on 21st November.

Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
That the Council does not ensure value for money through its procurement activities	1 – The Council has robust Contract Procedure Rules in place and a Procurement Strategy that is reviewed and approved by Members annually	2 – There may be some risk that if procurement rules are not followed the Council may not realise best value through it's contracts	Current structures and procedures in place give sound reassurance the Council is receiving value for money through it's contracts.

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project

Appendix A – Contracts awarded where the value is between £10,000 and £50,000

Details	Value of Contract	Client Department	Contract Awarded to	Reason for Exception Request	Expiry Date
<p>Consultancy Appointment to provide Communications & PR to support The Local Plan process</p>	<p>£19,976.00</p>	<p>Planning</p>	<p>Grayling Communications</p>	<p>Company is expert in the field of development planning matters, recently been appointed by North Essex Authorities in relation to Garden Communities for West of Braintree, Colchester and Tendring. The team is well informed and familiar with work in Essex as well as UDC. Having the same consultant will also benefit joint meetings under the Duty to Cooperate</p>	<p>28 February 2019</p>
<p>One 26,000kg Twin pack Refuse Vehicle with Split lifts</p> <p>The vehicle will be used to provide cover for those vehicles off the road for servicing/maintenance (vehicles for waste/recycling and green waste collections).</p>	<p>£40,000.00</p>	<p>Street Services</p>	<p>Hopkins Fair Deals</p>	<p>This is a second-hand vehicle. As such, it is not possible to obtain three quotations as there is not a large enough supply in the market at any one time and the age and condition prohibits like for like comparisons</p>	<p>23 November 2023</p>

Details	Value of Contract	Client Department	Contract Awarded to	Reason for Exception Request	Expiry Date
Consultancy Appointment to carry out a Heritage Impact Assessment	£10,000.00	Planning	Donald Insall Associates	The Heritage Impact Assessment is on the critical path in the Local Plan preparation process. Any slippage in commissioning this study (to obtain three quotations) will entail a delay in the submission of the Regulation 19 Local Plan.	31st March 2019
Lifts and Stair lifts (interim)	£48,800.00	Housing Repairs	Emerald Elevators	Previous tender was withdrawn due to a number of concerns regarding the quality and pricing in the submissions received. The contract will be re-tendered however in the interim period, as we have a statutory duty to maintain the safety of the lifts and stair lifts; it was proposed the incumbent contractor be retained for a further period.	9th January 2020

Appendix B – Contracts awarded where the value is over £50,000

Details	Value of Contract	Client Department	Contract Awarded to	Reason for Exception Request	Expiry Date
<p>Consultancy Appointment to act as lead negotiator for Easton Park and West of Braintree Garden Communities</p>	£150,000.00	Planning	Cushman and Wakefield	<p>In May 2018, this company were originally appointed under an exception request for a contract value up to £100,000.</p> <p>An extension of the exception request has now been agreed to increase the original sum by a further £50,000</p>	1st September 2019
<p>Software for Waste Collection Operations</p>	£217,210.00	Street Services	Bartec Auto ID	<p>On-going maintenance and support for existing software owned by the council and operated under a perpetual licence. Additional software, the intellectual property of which is owned by the incumbent provider has been added for improved functionality along with hosting services for business resilience</p>	30 April 2024