

**Committee: Governance, Audit & Performance**

**Agenda Item**

**Date: 16 November 2017**

**4**

**Title: Procurement Arrangements**

**Author: Cristine Oakey, Procurement Manager**

Item for information

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## **Summary**

1. At the meeting of Performance & Audit Committee on 19<sup>th</sup> May 2016, Members requested a report on procurement activity be brought to the Committee on a six monthly basis.

The aim is to assist their understanding regarding the Council's procurement arrangements following an Audit Committee Self-Assessment exercise early in 2016.

This report provides an update on procurement activity for the first six months of the current financial year (April – September 2017)

The report provides information on the two specific areas requested

- A) Contracts awarded over the value at which they are required to be tendered (currently £50,000) and
- B) Instances where requests for exceptions to Contracts Procedure Rules have been requested

## **Recommendations**

2. The Committee notes the content of the report

## **Financial Implications**

3. There are no financial implications associated with this report

## **Background Papers**

4. 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 Strategy 2016/17

## **Impact**

5. 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

## Situation

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

Three major contracts have been awarded since the start of the financial year which are detailed below.

### Software for the Finance Information System

The contract with the current service provider expired in February 2017. Working in conjunction with the Client department, Procurement negotiated a new agreement with Capita for continued use of the software, on a cloud hosted basis. Costs have been pegged to that currently being paid, and have been fixed for the period of four years, offsetting price inflation. This contract was awarded under a “Negotiated Procedure without prior call for competition” on the basis of Intellectual Property Rights and a Contract Award Notice released into the Official Journal of the European Union as required under the Public Contracts Regulations 2015 (as amended)

### Housing Sheltered Scheme - Appointment of Main Contractor for re-development of Hatherley Court

A domestic tender (i.e. below the threshold for European tenders, although there are still statutory provisions that must be observed) and following the recommendations of the Employers Agent (Oxbury), the Council have conducted a two stage tender for the appointment of the main contractor. The main contractors – Thomas Sinden – were appointed but, after an extended period of time, were not able to bring the cost of this contract in within the budget figure. The project was re-tendered and the contract awarded to

Foster Property Maintenance Ltd. The contract is valued at £1.7m and due for completion on 27<sup>th</sup> September 2017.

### Asbestos Surveys & Removal

In August, following “further competition” under a national framework, a contract was awarded to MCP Ltd to carry out our asbestos survey works which includes any sampling and laboratory work. The contract is for an initial term of 3 years with an option for one further year. The company were identified as the preferred bidder having completed the procurement process in accordance with the published methodology, with a score of 96.6%. As well as being the highest scoring bidder on the quality evaluation, they submitted the most competitive prices.

It is difficult to compare the cost against our current service, but using the most recent pricing from the incumbent provider suggests that MCP is 59.79% cheaper.

The contract also contains provision that MCP will be responsible for updating our Asbestos Register.

MCP offers their own Asbestos Register and although they are able to update ours, there may be scope to migrate solely to MCP, saving a further £9,000 per annum on fees with PSI.

It was recommended that we do not award Lot 2, for the Removal of Asbestos at this stage. Although the preferred bidder has provided an excellent quality response, fees were the highest submitted – by 22% and suggest we would pay more than currently being paid. Procurement of an alternative solution is being considered.

### Superfast Essex Rural Broadband

A Funding Agreement from Essex County Council was entered into, for a £500,000 contribution to provide Ultrafast Fibre Broadband services in Uttlesford. This is part of a wider initiative “Superfast Essex” and is part of BDUK Phase 3. A due diligence review of the procurement process undertaken by Essex County Council was completed. There was some negotiation with Essex County Council to improve the terms of the funding agreement with our Solicitor to ensure that our contribution was linked to milestones completed to our satisfaction. These measures reduce the level of risk to the Council.

## **B) Instances where requests for exceptions to Contracts Procedure Rules have been requested**

Three exception requests have been made during the period of this report and are detailed in Appendix A

### Other items for information –

After a long period of negotiation with Tesco (from whom the majority of our fuel is purchased due to the lack of forecourts in the district) the company have now agreed to allow the Council to hold a Corporate Clubcard account.

### Risk Analysis

7.

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 its contracts	Current structures and procedures in place give sound reassurance the Council is receiving value for money through its 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

Details	Value of Contract		Client Department	Contract Awarded to	Reason for Exception Request	Expiry Date
	£10,000 to £50,000	£50,000 and above				
2No Second hand Refuse Collection Vehicles		£60,000 x 2	Street Services	TBA	The cost of purchasing new vehicles is not justified given the limited use of the vehicles. Second hand vehicles are adequate but cannot be bought in competition as it would be impossible to compare like for like even if there were sufficient vehicles on the market at the same time.	Approx. 7 years
Consultant (for the facilitation of Leadership development, feedback and coaching) - extension of work to include additional support for CMT, Cabinet TMS profiling and support for internal narrative and change journey	£9,880 plus expenses		Chief Executive	PA Consulting	Although this consultant is on the CCS framework, the framework has technically expired and the resources required to appoint under the framework are onerous given the low risk in this appointment. The Chief Executive has previously worked with the consultant and is confident they can deliver. Going to market to obtain quotations would slow the pace of change needed.	by 30th October 2017
Consultant (for advice for the production of a deliver strategy to community led Housing and enabling support for Strategic Housing Market Area (Uttlesford, Epping Forest, North Herts and Harlow Councils)	£23,000		Housing	PLEione	Consultant is a pre-eminent practitioner in this specialised field. The consultant previously supported West Essex SHMA authorities through the Homes & Communities Agency ATLAS team which is no longer in existence	by 31 December 2017