

**Committee:** Governance, Audit and Performance Committee

**Date:**

**Title:** Annual Procurement update 2021/22

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## Summary

1. Chelmsford City Council have been providing the Council's procurement services since April 2021. The service covers the running of request for quotation (RFQ) and tender processes, providing advice on the use of frameworks, general support and strategic advice on contract rules and public sector procurement regulations.
2. This report provides members with an update on procurement activity for the 2021/22 financial year.

## Recommendation

3. The Committee is requested to note the contents of this report

## Financial Implications

4. No direct impacts from this report, but the service aims to provide value for money on all its procurement spend and contracts.

## Background Papers

5. None

## Impact

- 6.

Communication/Consultation	Chelmsford City Council procurement Team, Corporate Management Team, Informal Cabinet Board
Community Safety	N/A
Equalities	N/A
Health and Safety	N/A
Human Rights/Legal Implications	N/A
Sustainability	N/A
Ward-specific impacts	N/A
Workforce/Workplace	N/A

## **Chelmsford City Council – Procurement Service**

7. 2021/22 was the first year where Chelmsford City Council (CCC) provided our Procurement Service. The arrangement has worked extremely well, and the council has access to a wealth of knowledge and experience in all aspects of procurement. The agreement has eliminated the previous risk of a single point of failure within the service.
8. The procurement team works across the Council providing advice, guidance and support with a variety of sourcing requirements. The e-procurement system (Delta eSourcing) enables compliance with the current public procurement regulations, the Councils contract rules and any incoming regulations following the UKs exit from Europe.
9. In other areas of the Council there is more of a cross functional partnership approach. With teams sourcing their requirements direct from frameworks. CCC provides support to officers in these processes, ensuring compliance and value for money.
10. CCC has also supported in updating the Contract Procedure Rules and provided two training sessions to the Senior Management Team and other key officers.

## **Essex County Council – Procurement for Local Plan**

11. A separate Service Level Agreement (SLA) was entered into with Essex County Council (ECC) for the provision of services solely related to the Local Plan. The original agreement with ECC was entered into during 2020 prior to the new service agreement with CCC to support our internal service which consisted of a single Procurement Manager.
12. The SLA ended on the 31 March 2022 and all procurement support for the Local Plan will be managed under the service agreement with CCC.

## **Procurement Strategy – 2022 - 2026**

13. The Council is required to have a Procurement Strategy setting out the Council's vision and aims and the production of this has been supported by CCC. The Strategy includes a social value policy and the introduction of the National Themes Measures and Outcomes (TOMS) seen as the best standard to measure and report on social value. Full details of the proposed Strategy are included as a separate item on tonight's agenda.

## **Procurement Spend**

14. As outlined in the new Contract Rules, the Procurement Team are required to be involved in assisting services with all Procurements over £50k or deemed as high risk, although it should be noted the team support officers with all procurement needs as required irrespective of value. Contracts and services awarded with procurement support are detailed in Appendix A.
15. On occasions there have been requests for exemption to the contract rules, this would be acceptable when there is only one contractor/supplier in the market or limited time to deliver the goods or service meaning a full procurement process will have a negative impact on service delivery are the key reasons. Full details of all exemptions are set out in Appendix B.

16. Exemptions are a suitable method of award below threshold and internal processes ensure the Procurement Team can provide input into the exemption process at an early stage for advice. This support should limit the use of exemptions by offering alternative solutions, for example, a direct award and the procurement team being able to offer very quick turnaround timescales on urgent items.

### Procurement Landscape

17. The UK's exit from the EU has had an impact on supply chain performance and also the legislative landscape. The Procurement Bill announced in the Queen's Speech at the opening of Parliament in May 2021 was one of 30 new bills on the UK agenda for the coming year. The Bill aims to reform the government procurement process in the UK and create simpler processes for UK Public Procurement. The draft Bill will be available later in 2022 for review and consultation.
18. Pricing is increasing in nearly all areas of the supply chain and the economy due to cost-of-living pressures, and the current volatile situation in Ukraine and Russia. The building sectors are significantly impacted at present, and cost of living and wages increases will impact all areas of spend.

### Risk Analysis

19.

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	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

Procurement Awards with Procurement Support

Requirement	Service / UDC Officer	Contract Type / Value	Winning Supplier	Contract Length
Walden Place (two stages)	Housing	Works - £2,167,707	Gipping Construction Ltd	Not defined, work commissioned to deliver phase one
Parking Review	Car Parking	Services - £66,000	Parking Matters Liverpool	6 months
Utility Invoice Validation	Finance	Services - £17,280	The Monarch Partnership	4 years with option for 2 year extension.
<b>Process - Full Tender and PCR 2015 Applies (Over OJEU OR considered to be of Strategic Importance)</b>				
Electoral Printing Services	Elections	Services – contract value estimated at £200,000 + VAT	Print Image Network Ltd	5 years from 1/01/2022 with option of 2 year extension on a 1+1 basis
Infrastructure Delivery Plan	Planning	£98,818	LUC	
Masterplanning or Allocations	Planning	£193,224	We Made That	Not defined, work commissioned to deliver Plan/report
Climate Change and Net Zero Carbon Study	Planning	£75,000	Zebrecarbon	
<b>Procurements via Purchasing Framework</b>				
Reservation management system via CCS GCloud-12	IT	Services - contract valued at £58,000 over 2 years,	Condeco HQ is based in London	2 years with the option of a 1 x 12 month extension
Web content Management System	Website	Services - contract valued at £56,000 over 2 years	GOSS interactives are located in Devon	2 years with the option of a 2 x 12 month extensions
Legal Services	Commercial Assets	£17,000	Birketts	9 months
Refuse Freighters	Street Services	Goods purchase via ESPO £314,740.	NTM GB Ltd	Not applicable

Requirement	Service / UDC Officer	Contract Type / Value	Winning Supplier	Contract Length
Refuse Collection Vehicle	Street Services	Goods purchase via ESPO £201,632.	Geesinknorba	Not applicable
Strategic Transport	Planning	£424,000	Tetra Tech	Not defined, work commissioned to deliver Plan/report
Fuel at Lt Canfield	Street Services	Goods purchase estimated at £450,000 per annum. Management fee fixed – price fluctuations expected dependant on fuel costs	New Era Fuels	2 year contract
<b>Contract Extensions / Renewals</b>				
Midland HR	Human Resources	Contract renewal – 5 years. Used exemption on technical grounds/cost of change. £163,532 + VAT		
<b>Other</b>				
Official Veterinary Services @ Stansted	Environmental Health	Advice – used exemption due to market size / contract value. £66,000 / annum. Covered under LTR. Two year contract with HallMark Meat Hygiene Ltd.		

**Appendix B**

**Exception Requests – 2021/22**

<b>Details</b>	<b>Value of Contract</b>	<b>Client Department</b>	<b>Contract Awarded to</b>	<b>Reason for Exception Request</b>
26,000kg trade refuse collection vehicle	£55,000	Environmental Services	Hopkinsons Fairdeals	Tendering for second hand vehicles would be difficult due to differing ages, conditions and mileage.
26,000kg twin pack refuse collection vehicle (x2)	£130,000			
Consultant/external body to support the implementation of the Planning Review fulfilling the role of Interim Director of Transformation	£55,000	Corporate Management	Solace	Limited market due to the specialised area of work
Local Plan – New Communities Legal Advice	£24,500	Legal/Planning	Dentons	The advice needed is in a specialist area of planning law directly linked to the delivery of large scale new communities. Appointment of Dentons ensures continuity of advice and the only supplier in the market that is able to meet the Council's requirements

Details	Value of Contract	Client Department	Contract Awarded to	Reason for Exception Request
3 Year support maintenance and License for Checkpoint Firewall	£78,485	IT	Bytes	<p>Provides a functional Firewall that is essential in helping protect our ICT network and Infrastructure from the outside world.</p> <p>We have to buy the support and license for our checkpoint appliance so we can continue to use the product. Checkpoint will only sell through a software reseller like Bytes, like most vendors they will only give preferential pricing to one reseller (Bytes)</p>
Provision of legally required Official Veterinary surgeon (OVS) at the Stansted border control post (BCP)	£132,000 (Contract 2 years)	Environmental Health		<p>There are limited suppliers in the current market due to high national demand of veterinary offices with imported food experience</p> <p>The post will ensure continuity of existing imported food service at and to ensure a smooth transition into the new checking regime required by EU exit.</p>

Details	Value of Contract	Client Department	Contract Awarded to	Reason for Exception Request
HR, Payroll and Performance Management System (Itrent)	£163,523 (Contract 5yrs)	Human Resources	Midland HR	In order to have followed a full tender process, this would have meant doing so at the beginning of the Covid-19 pandemic. Any new IT system would have had a significant testing, implementation and training process which would not have been feasible during the pandemic.
Provider of expert advice and guidance for Treasury Management and associated financial activities.	£57,300 (subject to annual RPI) (Contract 3yrs +2yrs optional)	Finance	Arlingclose	<p>There is only one other supplier in the market and due to this being a specialist service it would be hard to evaluate whether another firm would provide the same level of service.</p> <p>Expansion of the Council's investment portfolio and complex government requirements on managing capital financing changing supplier would impact on current work and consistency of approach.</p>