

CABINET

18 December 2013

Title: Procurement of Various Supplies and Service Contracts	
Report of the Cabinet Member for Finance	
Open Report	For Decision
Wards Affected: None	Key Decision: No
Report Author: Martin Storrs, Head of Procurement and Accounts Payable Service	Contact Details: Tel: 020 8227 5429 E-mail: martin.storrs@elevateeastlondon.co.uk
Accountable Director: Jonathan Bunt, Chief Finance Officer	
Summary The Council's Constitution requires that all contracts with an aggregate contract value of £500,000 or more need to be approved by Cabinet (the new threshold was agreed by the Assembly on 4 December 2013). This report asks for Cabinet approval to procure a number of Council contracts, as set out in Appendix 1, that have a contract value greater than £500,000 and which are required to be let over the next twelve months. In accordance with the new Contract Rules approved by the Assembly, this report condenses, and thereby reduces, the volume of Cabinet reports as a way of both simplifying and accelerating the procurement process for the Council whilst maximising value for money.	
Recommendation(s) The Cabinet is recommended to: (i) Agree the procurement of the following Council contracts as detailed in Appendix 1 to the report: <ul style="list-style-type: none">• Stationery• Cleaning and Janitorial Supplies• Vehicle Hire• Housing - Voids• Housing - Boilers• Fencing (ii) Delegate authority to the relevant Corporate Directors, in consultation with the relevant Cabinet Members, to procure and award the contracts detailed in Appendix 1; and (iii) Delegate authority to the Head of Legal and Democratic Services to prepare and enter into all relevant and necessary agreements to effect the contracts.	

Reason(s)

The decision to tender the Council's various contracts is due to the future expiry and/or to formalise existing arrangements. The tendering process will enable the Council to procure new contracts on the best terms available in the current market and should lead to a reduction in cost, better supplier performance and greater opportunities for local people and suppliers.

1. Introduction and Background

- 1.1 Corporate Procurement under the management of Elevate East London LLP (Elevate) has invested in the Council's Procurement service to maximise procurement benefits for the Council.
- 1.2 This report includes a number of different procurement contracts and consolidates them onto a single Cabinet report. This method is new to the Council and has been included in the new Procurement rules as a means of accelerating the procurement process.
- 1.3 Utilising a Category Management approach, Elevate has worked with the Council to identify areas of non-compliance, opportunities for cost reductions and opportunities to engage the market differently, creating more opportunities for local business and local residents.
- 1.4 Category Management is a procurement approach deployed in a category spend area e.g. fleet, to ensure best value is achieved in terms of both financial and non financial benefits.
- 1.5 A Category Management approach typically consists of the following steps:
 - (i) Project initiation
 - (ii) Situation analysis
 - (iii) Strategy creation & approval
 - (iv) Strategy implementation
 - (v) Continuous improvements

2. Proposal and Issues

- 2.1 In order to maximise the benefits identified above and as a means of accelerating the procurement process and timescales, it is proposed to procure a number of standard category services as listed below:
 - Stationery
 - Cleaning and Janitorial Supplies
 - Vehicle Hire
 - Housing - Voids
 - Housing - Boilers
 - Fencing
- 2.2 For each identified category a sourcing strategy will be agreed with the relevant stakeholder to formalise the relevant options and gain sign off before engaging with the market.

- 2.3 The procurements identified in Appendix 1 will be evaluated based on MEAT (most economically advantageous tender) and will typically be evaluated on 60% price / 40% quality.
- 2.4 The Corporate Procurement team will work with the relevant client sponsor to formalise the overall evaluation criteria and weightings.
- 2.5 At this stage it is anticipated that standard Council Contract Terms will be utilised and / or national Procurement Framework Contract Terms.
- 2.6 Where applicable an eAuction will be utilised to negotiate price.

3. Options Appraisal

Sourcing Strategies

- 3.1 All proposed contracts included in this report have been planned and structured through a sourcing strategy exercise. These strategies have been shared and approved through the Procurement Governance Board. The high level options considered in the strategies are detailed below.

3.2 Stationery Contract

- 3.2.1 Option One: Do nothing – not viable as contract is required and would create a position of contractual non compliance for LBBD
- 3.2.2 Option Two: Council is named on the London Contract Supplies Group tender – managed by LB Havering
- 3.2.3 Option Three: Council conducts an independent tender exercise using an alternative service matrix.

3.3 Cleaning & Janitorial Supplies

- 3.3.1 Option One: Do nothing – not viable as contract is required and would create a position of contractual non compliance for LBBD
- 3.3.2 Option Two: Council is named on the London Contract Supplies Group tender – managed by LB Newham
- 3.3.3 Option Three: Council conducts an independent tender exercise using an alternative service matrix.

3.4 Vehicle Hire

- 3.4.1 Option One: Do nothing – not viable as contract is required and would create a position of contractual non compliance for LBBD
- 3.4.2 Option Two: Short term waivers are drafted and approved for each of the 10 current providers to ensure compliance with the Councils constitution and Procurement

Rules followed by a new procurement to ensure compliance with EU Procurement rules and the Councils Constitution due to the aggregated spend levels.

3.5 Housing – Voids

- 3.5.1 Option One: Do nothing – not viable as contract is required and would create a position of contractual non compliance for LBBD
- 3.5.2 Option Two: Council runs a tender exercise using the NHF M3 Schedule of rates for Void repair work ensuring that local Small Medium Enterprises are suitably engaged with as part of the process.

3.6 Housing – Boilers

- 3.6.1 Option One: Do nothing – not viable as it would create a position of contractual non compliance for LBBD
- 3.6.2 Option Two: Council runs a tender exercise using the NHF M3 Schedule of rates for Boiler installation services ensuring that local Small Medium Enterprises are suitably engaged with as part of the process.

3.7 Fencing

- 3.7.1 Option One: Do nothing – not viable as contract is required and would create a position of contractual non compliance for LBBD
- 3.7.2 Option Two: Council runs a tender exercise using the NHF M3 Schedule of rates for fencing installation services ensuring that local Small Medium Enterprises are suitably engaged with as part of the process.

3.8 Appendix 1 details the recommendation for each Contract proposed as part of this report.

4. Consultation

4.1 Consultation has been conducted the Council's Procurement Governance Board which has representation from across the Council. Departmental Management teams have also been consulted with where relevant.

5. Financial Implications

Implications prepared by: Kathy Freeman, Group Manager - Corporate Finance

- 5.1 There are no direct financial implications arising from this report. Efficiencies are created by seeking Cabinet approval for the procurement of six contracts, enabling the Council to procure new contracts on best terms available at the time.
- 5.2 This report seeks Cabinet approval to tender procurement contracts with values greater than £500,000.
- 5.3 The financial value for the six procurement contracts range from £500,000 to £4m, ranging from a rolling one year contract to contract terms of five years. All contracts

with a value over £100,000 are now assessed by the Procurement Governance Board.

- 5.4 It is expected that the procurement exercise will seek value for money and secure maximum value for the Council where possible.

6. Legal Implications

Implications prepared by: Eldred Taylor-Camara, Legal Group Manager

- 6.1 The Council's Constitution requires that all contracts with an aggregate contract value of £500,000 or more need to be approved by Cabinet. The procurement strategy and award of such contracts is normally submitted to Cabinet on a case by case basis.
- 6.2 The Council's Contract Rules require that officers prepare a report for each such contract setting out the strategy that is proposed for the procurement of the service.
- 6.3 This report identifies a number of above-threshold services that have been registered with the Council's Procurement team and which need to be procured in the forthcoming months. Officers are bringing all the listed contracts to be approved by Cabinet as part of a procurement plan rather than as individual contracts. The intention is that Cabinet will have an overview of the strategy for such high-value contracts as a whole. Procurement Strategy reports have been prepared for each of the individual services/contracts key points of which are summarised in Appendix 1.
- 6.4 Cabinet is being asked to review the procurement plan for these contracts, confirm its agreement to the proposed strategies and delegate authority to the relevant officers, in consultation with the relevant Cabinet Members, to procure and enter into the individual contracts.
- 6.5 Legal Services will work with Officers to ensure that the procurement strategies, processes and ensuing contracts comply with the law and the Council's Contract Rules.

7. Other Implications

- 7.1 **Risk Management** - Risks will be identified and built into the sourcing strategy prior to project commencement.
- 7.2 **Contractual Issues** - These are detailed throughout the report.
- 7.3 **Customer Impact** - Leaseholder consultation will be undertaken where relevant in accordance with section 20 of the Landlord and Tenant Act 1985 (amended by section 151 of the Commonhold and Leasehold Reform Act 2002).

Public Background Papers Used in the Preparation of the Report: None

List of appendices:

- **Appendix 1** – Proposed Procurement Projects