



To: Executive Councillor for Housing: Councillor Kevin Price
Report by: Head of Estates & Facilities
Relevant scrutiny Housing 30/06/2015
committee: Scrutiny Committee
Wards affected: All

**CAMBRIDGE CITY COUNCIL MEMBERSHIP OF EASTERN PROCUREMENT (East of England Regional Procurement Consortium)
Not a Key Decision**

1. Executive summary

The purpose of this paper is to seek approval for Cambridge City Council (CCC) to join Eastern Procurement(EP) as a full Member which will enable immediate access to a range of regionally procured, EU compliant framework contracts and cost benchmarking data specifically relevant to Social Housing Maintenance and Repair works.

Membership of the EP consortia requires completion of a contractual Deed of Association between CCC and EP. This has to be completed under seal and Legal Services advise that this requires Executive Councillor approval to proceed.

This is an urgent decision to enable early completion of the Deed and therefore ensure that CCC can pro-actively influence the current drafting by EP of service specifications for an imminent Gas Servicing and Maintenance tendering project. CCC and South Cambs DC (SCDC) operate existing Gas Servicing arrangements with Mears plc but this contract expires in mid-2016 and both authorities would seek to benefit from the EP proposal in procuring a replacement service.

SCDC are already members of EP.

2. Recommendations

The Executive Councillor is recommended:

To approve the membership of EP and therefore to authorise completion of the required EP Deed of Association without delay. **(please refer to appendix 1 – Deed of Association).**

3. Background

Modern procurement of EU compliant, public sector service contracts has become increasingly complex and represents a major challenge for many public sector organisations in terms of the specialist resources required. A very effective, and increasingly popular solution is to use a “not-for-profit” Procurement Consortium which procures services collectively on behalf of its member organisations. This ensures access to a range of fully compliant tendering for all organisations with similar requirements but the scale of contract possible from a collective procurement approach also ensures greater efficiencies and savings than would otherwise be possible if organisations procured independently.

Eastern Procurement (EP) is a “not-for-profit” procurement consortium specifically representing social landlords, registered social housing providers and local authorities with social housing stock in the East of England.

The consortium, established in 2007, currently represents 10 small/medium Registered Providers (RP's) and 3 local authorities and has a range of responsive, cyclical and planned contracts in place, which are all OJEU compliant from a procurement perspective.

Current EP Membership includes Freebridge Community Housing, Victory Housing Trust, Cotman Housing Association, Wherry Housing Association, Saffron Housing Trust, Suffolk Housing Society, Orwell Housing Association, Colne Housing Society, Hundred Houses Society, Great Yarmouth Borough Council, Hastoe Housing Association, Norwich City Council and South Cambridgeshire District Council. Each member of EP elects a person to represent their organisation at the quarterly EP Board meetings.

All Member organisations can take advantage of any EP contracts (or framework agreements) or can still decide to procure work elsewhere. In this way each Member organisation retains complete control of its procurement function, can benefit from the EP arrangements, and, at the same time, has no commitment to use the EP frameworks.

There is no joining or fixed fee for Membership of EP and the operational costs of the Consortium are therefore recovered via a 1% levy on the total cost of all services procured by individual member organisations via EP contracts and frameworks. If no services are used then membership is effectively cost free.

EP is currently preparing tender documentation and specifications for a Gas Servicing and Maintenance contract. CCC's existing Gas contract arrangements with Mears plc end in 2016 and participation in this EP procurement project would be of substantial benefit to the Council. Moreover, because the existing CCC Gas contract with Mears plc was

procured, and is managed jointly, with SCDC, and that authority is already a member of EP, it is essential that CCC membership is confirmed as quickly as possible so that the new contract specification can be properly influenced to jointly suit CCC and SCDC requirements.

A further immediate benefit to result from early EP membership would be the access to materials supply framework contracts that already exist and that could therefore be used to accurately inform forthcoming decisions about options for the Mill Road stores project.

4. Implications

(a) Financial Implications

Procurement in the volumes possible via consortia such as EP has demonstrated significant savings over services procured on a lesser scale by individual member organisations. The pooling of expert procurement expertise also represents value for money when compared to the significant costs of individual procurement resources. Data supplied by EP shows that between 2007/8 and 2014/15 the value of contracted services sourced by Members from EP procured arrangements rose from £3m to £50m with individual organisations reporting average savings/property/year of up to £332 for planned work activities and £83 for responsive/service work activities.

The option always remains to procure outside of the EP arrangements if appropriate.

(b) Staffing Implications (if not covered in Consultations Section)

None

(c) Equality and Poverty Implications

There are some concerns that procurement in large volumes, in order to secure the most advantageous rates can adversely impact on locally based SME contractors who are often not skilled, or do not have the resource to complete complex EU compliant tender qualification documentation or to fully understand the detail. EP recognise that the process can be daunting for such organisations but as an East of England, regionally based, consortium there is an emphasis to promote interest amongst the regions contractors and suppliers and appropriate specialist support and advice is therefore provided when requested.

(d) Environmental Implications

None

(e) **Procurement**

Membership of EP entitles CCC to have immediate and full access to all EU compliant contracts and services which are procured by Eastern Procurement on behalf of the consortium membership.

As a full member CCC would also have the opportunity to influence all future tender specifications although there would be no commitment for CCC to make use of any of the contracts secured.

Any contract options taken up by CCC would be subject to separate and direct contractual arrangements between CCC and the supplying contractor and approval to proceed with any option would therefore be subject to all CCC Financial Regulations, Governance and Committee reporting arrangements.

(f) **Consultation and communication**

Legal Services advises that completion of the required Deed of Association (copy as attached) under seal requires Executive Councillor approval.

(g) **Community Safety**

None

5. Background papers

link to EP website for further information: www.eastern-procurement.co.uk

6. Appendices

Appendix 1 – Copy of Eastern Procurement Standard Deed of Association

7. Inspection of papers

To inspect the background papers or if you have a query on the report please contact:

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