



To: Councillor Richard Robertson Executive Councillor  
for Finance and Resources

Report by: Heidi Parker

Relevant scrutiny  
committee: Strategy & 9/10/2017  
Resources  
Scrutiny  
Committee

Wards affected: Abbey Arbury Castle Cherry Hinton Coleridge  
East Chesterton King's Hedges Market Newnham  
Petersfield Queen Edith's Romsey Trumpington  
West Chesterton

## **PROCUREMENT OF VARIOUS CORPORATE FRAMEWORKS & DYNAMIC PURCHASING SYSTEMS Key Decision**

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### **1. Executive summary**

As proposed by the New Contract Procedure Rules (CPR), the Council is seeking to establish a number of corporate arrangements for purchasing goods, services and works. These arrangements have been identified as being necessary based on the requirements being purchased across the Council and the aggregated spend, (by supplier and category) over the past 3 years. Some of them have been identified as contributing to the remaining savings commitments of the Support Services Review.

The proposed contracts are

Frameworks &/ or Dynamic Purchasing Systems, covering

- Construction Consultants
- Construction Works (individuals orders under £1,000,000)
- Civils, Landscaping & Play equipment Framework (Individual orders under £500,000)
- General Consultants
- Construction Trades
- Staff Training (professional bodies & general requirement)
- Fleet Maintenance (vehicle parts, consumables, tools & external servicing)

## 2. Recommendations

The Executive Councillor is recommended:

a) Frameworks

To agree to the publication of an advert, to invite suppliers to submit a tender and following evaluation and completion of a tender report, delegate authority to the relevant Director, to appoint the successful suppliers onto the framework (subject to compliance with the CPR)

b) Dynamic Purchasing Systems (DPS)

To agree the publication of an advert, to invite suppliers to complete a Standard Selection Questionnaire from which they will be added to the 'approved list'

c) To agree a staggered advertisement of the contracts to facilitate resourcing and re-procurement

d) To agree award of any requirements let through the corporate contracts to be approved (and contracts signed) in accordance with the CPR.

## 3. Background

In 2016/17 the council used 1780 suppliers with whom we spent £90 million. Within that, 1560 suppliers had a total spend of less than £25k spends, often purchasing similar requirements that could be consolidated.

In many cases, suppliers are being used by multiple cost centre managers as low value purchases, which when aggregated for the year, are causing the council to be in breach of the necessary advertising requirements.

An example of this being

Company X (structural engineers) –

- 14 cost centre managers have used them across the council,
- 75 invoices/ orders,
- £161k total spend (in one year),
- the largest single user spent £52k, and
- the largest single order was £24,800

*(We used another two structural engineers with a total spend of £3k)*

This pattern can be observed across multiple categories and in particular, is observed in all of the proposed frameworks/ DPSs listed above.

Historically, the processes being applied have been inconsistent, with purchases being based on just price or three quotes and little attention being paid to quality or standardisation of rates or service. The new rules and the new requirement to advertise further supports the rational for a

framework which will then facilitates a direct draw-down option which is more efficient for officers.

In addition to the 2016/17 spend, the previous 2 years have also been reviewed and the same issues observed. The relevant cost centre managers and Heads of Service have been consulted on historic spend and future requirements.

Based on the example above, the proposed contracts would aim to

- ensure compliance with legal & council advertising requirements (PCR2015)
- Streamline the task of placing orders (with the option to either apply a direct call-off/ rotation or if deemed beneficial, carry out a mini competitions)
- reduce the number of suppliers being used (ideally by 1/3)
- Ensure the Living Wage is being included in all relevant contracts
- Ensure SMEs have an opportunity to work with the Council; supported through local supplier events which address the process and council requirements
- facilitate direct, long-term relationships with the 'experts' (restrict subcontracting)
- Standardise quality of service
- Standardise price and achieve economy of scale on rates charged
- Deliver anticipated savings of 5% based on current levels of spend

For each of the Frameworks/ DPSs a working group will be established to ensure everyone's requirements are met and the specifications meet the needs of the council. As part of this review officers will be asked to provide evidence of current rates being paid to facilitate benchmarking of prices return and to ensure the contracts will deliver value for money.

## **4. Implications**

### **(a) Financial Implications**

This procurement has been allocated £25,000 from the business transformation fund to assist with resourcing the significant work load in delivering this number of large contracts.

As part of the tender evaluation process, current prices will be compared with the tendered prices to identify savings achieved through the investment in resources

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

A new procurement support officer role has been defined and will be advertised as a 9 month fixed term contract so as to support the timescales associated with EU procurements.

**(c) Equality and Poverty Implications**

These contracts will cover a variety of projects which at this point are unknown.

EQIAs are to be completed for the specific projects once the relevant information is known.

The Frameworks will be established to support SMEs and the local economy

**(d) Environmental Implications**

These contracts will cover a variety of projects which at this point are unknown. Climate change ratings are to be calculated for the specific projects once the relevant information is known.

The Frameworks will be established to support SMEs and were required, local operators which will aim to help reduce our carbon footprint.

**(e) Procurement**

This report is being issued by Procurement and the delivery and monitoring of the Frameworks will be managed by the Procurement team.

**(f) Consultation and communication**

Services and cost centre managers who currently spend under the contracts listed above have been advised of this proposal and invited to participate on the relevant contract project group.

The strategy of corporate contracting has been through Civic affairs and the Council Committee cycle.

The details of the project Groups has been advised to Heads of Services and will be notified in Management Matters, along with direct invites where a known requirement exists.

**(g) Community Safety**

None

## **5. Background papers**

Spend data 14/15, 15/16, 16/17

Support Services Review report to Strategic Leadership Team.

## **6. Appendices**

none

## **7. Inspection of papers**

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

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