



Chelmsford City Council Audit and Risk Committee

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Annual Report of Procurement and Sourcing Activities

Report by:

Director of Connected Chelmsford

Officer contacts:

Alison Chessell, Procurement and Risk Services Manager

alison.chessell@chelmsford.gov.uk

Purpose

This report provides details of:

- All formal procurement and sourcing activities undertaken by the Procurement Team
- Any cross-functional working that has taken place
- New processes, policies and practices that have been introduced in the last 12 months
- The team's planned activities for the coming 12 months

Recommendations:

Committee note the report and contents

1. Introduction

- 1.1. In the 12 months to 31 October 2022 (hereafter '2021/22'), the Procurement Team has been continuing to support front line services within the Council and working more closely with internal clients. This is reflected in the volume of procurement processes in which we have been involved. Please see [Appendix A](#) for details.
- 1.2. The team is continuing to provide procurement services to Uttlesford District Council within existing resources. This has meant a refocusing of resources, including a rationalisation of administration tasks to other teams. There has been a restructure within the team during the year due to a vacancy.
- 1.3. External factors, predominantly the UK's exit from the European Union and its emergence from the effects of the pandemic, have impacted on a number of procurements. The increases in material costs, lead times and capacity reported in the news have all impacted the Council's supply network.

2. Working Methodology

- 2.1. The team works across the Council providing advice, guidance and support with a variety of sourcing requirements. We use an e-procurement system (Delta eSourcing) that enables compliance with the current public procurement regulations, the Council's Contract Rules and any incoming regulations following the UK's exit from the EU.
- 2.2. In other areas of the Council there is more of a cross-functional partnership approach with teams sourcing their requirements direct from frameworks. We aim to support teams in these processes, ensuring compliance but also that they apply the ethos of the Social Value Policy in their sourcing practices.

3. Achievements 2021/22

- 3.1. **Uttlesford District Council (UDC)** – In April 2021, the team was awarded a two-year contract by UDC for the provision of their procurement services. The contract is running successfully and covers the running of request-for-quotation (RFQ) and tender processes, providing advice on the use of frameworks and general support and strategic advice on contract rules and public sector procurement regulations. To date we have worked with them to:
 - review and refresh UDC Contract Rules
 - author and deliver a new Procurement Strategy that has been approved at UDC Full Council
 - provide training to UDC Governance, Audit and Performance Committee regarding the new Procurement Strategy and Contract Procedures

- provide procurement support on numerous items

3.2. **Training and support for Small and Medium Enterprises (SMEs)** - The Council, via our Economic Development team, has provided procurement training and support to 24 SMEs throughout the district during the year to assist business post pandemic. This has been provided by a partner organisation on a one-to-one basis. There was also a workshop held in November for 11 third-sector organisations to provide business support.

3.3. **Social Value Policy** – This policy, introduced in November 2020, requires a minimum of 10% weighting to be applied to all appropriate procurement exercises. The most notable benefits of this policy change are that:

- local SMEs are more competitive in our processes.
- suppliers are rewarded for using local businesses in their supply chain; and
- we have a growing understanding of the policies and practices of our supply partners.

A summary of procurement exercises which included SV weighting can be found in [Appendix B](#), which shows that:

- 8 of 9 (88%) of contracts were awarded to SMEs
- 5 of 9 (55%) of contracts were awarded to Essex-based companies (one of which was based in Chelmsford).

The social value process is still embedding, however it is encouraging to note that in 3 of the 9 processes listed, the highest-ranking supplier by social value won the contract, so the social value scoring is having an impact on awards.

3.4. **Print Marketplace** – In response to the closure of the Council’s print room we have been piloting the use of Crown Commercial Service’s PMP (Print Marketplace). This is an online printing portal that operates by allowing users to seek quotes for printing jobs across a range of suppliers. During 2021/22, there have been 80 print marketplace orders saving £4,256 - as per CCS figures.

3.5. **Frameworks** – We have renewed two large frameworks during this year – ‘Signs and Lines’ and ‘Play Area Surfacing’. Frameworks allow us to perform mini-competitions with pre-approved and selected suppliers to ensure competitive pricing from trusted suppliers.

3.6. **Hydrogenated Vegetable Oil (HVO) Fuel** - A contract for HVO fuel, a more environmentally friendly alternative to diesel, was awarded by the Council through the CCS national fuels framework in September 2022. The fuel will be used in the Council’s Operational Services fleet. The Council took part in the CCS frameworks quarterly competition which allowed us to compliantly award to a pre-qualified supplier. Although the commodity cost of the fuel changes on a weekly basis, the contract allows the Council to fix a supplier margin for the two-year period of the contract to provide as much cost certainty as possible.

- 3.7. **TechnologyOne** – We have consolidated the use of the Contract Module. We now have easy access to a contract register, the contracts themselves and all associated spend. We are currently reviewing the processes used to on-board new suppliers. Revised processes will be implemented in 2023.
- 3.8. **Procurement Processes** – Please see full listing in [Appendix A](#).
- 3.9. **Cost Reductions** – We have been able to realise fee reductions in a couple of areas following competitive procurement processes – Treasury Management and consultancy advice. However, in general, market conditions have made savings difficult to achieve.

4. Planned Activities from November 2022

- 4.1. **Regulatory Change** – Changes to public sector procurement regulations, as a result of our exit from the EU, are likely to be made law in early 2023. The green paper was published and consulted on in 2021. The paper included proposals to move to a single, more flexible procurement process model, that would simplify the route to market decision. It also moves to a ‘most advantageous tender’ principle, giving more weight to alternative local factors (ecological, localism etc) over economic considerations.
- 4.2. **Continued Embedding of Social Value Policy** – We will continue to evolve the data gathering and reporting process.
- 4.3. **Cross-functional Alliances** – We continue to work closely with key services and departments to enable them to undertake their own sourcing processes in a compliant, fair and transparent manner.
- 4.4. **Training** - Awareness raising across the organisation, at all levels, with the aim of increasing knowledge of the Council’s internal contract rules and PCR 2015 (Public Contract Regulations).
- 4.5. **Contract Management Framework** –In early 2022 we will be designing a new contract management framework for use by all Service Mangers and Contract Managers. The framework will have a selection of options depending on the risk profile of the contract. This work will feed into the new TechnologyOne module.

List of appendices:

Appendix 1 – Summary of Procurement and Sourcing Activities 2021/22

Appendix 2 – Social Value Procurements 2021/22

Background papers:

Procurement Strategy

Social Value Procurement Policy

Corporate Implications

Legal/Constitutional: All procurement activity must be compliant with Public Contract Regulations 2015 and Contract Procedure Rules

Financial: Procurement activity is aligned with the Medium-Term Financial Strategy (MTFS) and annual budget cycle

Potential impact on climate change and the environment: The Climate Emergency Action Plan is a key driver for the Procurement Strategy

Contribution toward achieving a net zero carbon position by 2030: The Procurement Strategy specifically targets this action through the Theme Outcomes and Measures.

Personnel: None

Risk Management: 'Procurement Strategy' is a Principal Risk monitored by Management Team and Audit and Risk Committee

Equality and Diversity: None

Health and Safety: None

Digital: None

Other: None

Consultees: Accountancy Services Manager (Section 151 Officer)

Relevant Policies and Strategies:

Our Chelmsford Our Plan

Summary of Procurement and Sourcing Activities 2021/22

N.B. This listing does not include distributed procurement processes supported with advice and guidance.

Requirement	Service	Contract Type / Value (when let)	Winning Supplier Location	SME?	Contract Length
Process - RFQ (Request for Quotation)					
<i>A Request for Quotation relates to a competition below threshold where quotations are sort from the open market or from a prequalified group of suppliers. The number of quotations required is dictated by the contract value and the Council's Contract Rules.</i>					
Market Square Public Realm Enhancement	Economic Development and Implementation	Services - £7000	London	Yes	6 months
Treasury Management Advisors	Accountancy Services	Services - £70,000	London	Yes	3yrs +2yr extension.
Residential Refurbishment Work	Property Services	Works - £50,000	London	Yes	n/a
Strategic Housing Needs Assessment	Spatial Planning	Services - £20,000	Kent	Yes	30 months.
Chauffeur Services	Legal and Democratic	Services £75,000	Essex	Yes	2yrs + 1 year extension
Chelmer Park Pavilion Roof Replacement	Building Services	Works - £95,000	Essex	Yes	
Market Road Public Convenience Roof Replacement	Building Services	Works - £100,000	Essex	Yes	
Aquila House Refurbishment	Property Services	Works - £1.6million	Essex	Yes	
Community Stewardship Assessment	Spatial Planning	Services - £30,000	Birmingham		6 months.
Strategic Flood Risk Assessment	Spatial Planning	Services £23,000	North Yorkshire		3 yrs.
Retail Capacity Study	Spatial Planning	Services - £40,000	London	Yes	3 yrs.
Extension to 2a Rainsford Lane	Property Services	Works - £400,000	Essex	Yes	
Beaulieu Sports Pitch Upgrade	Parks	Works - £90,000	Nottinghamshire	Yes	
Play Areas Surfacing Framework	Parks	Works - £1,000,000	n/a multiple suppliers		4 yrs.
Chelmer Waterside Ground Investigation	Property Services	Works - £125,000	Leeds		
Theatre Remodelling & Refurbishment	Theatres	Works- £2,000,000	London	Yes	

Central Park Lake Bank Stabilisation	Parks	Works- £30,000	North Walsham		
Light Industrial Units Galleywood Hall	Property Services	Works-£1.3million	Essex	Yes	
Process – Full Tender and PCR 2015 Applies (Over OJEU OR considered to be of Strategic Importance) #					
Signs and Lines Framework	SEPP	Goods/ Works - £300,000	n/a multiple suppliers		4 yrs.
Building Maintenance DPS	Building Services	Services/Works - £14,250,000	n/a multiple suppliers		5 yrs + 5 yrs.
Procurements via Purchasing Framework					
Fuel – CCS Fuels Framework	Operational Services	Goods - £1.5million	n/a multiple suppliers		2 yrs.
ESRI GIS – CCS DAS Framework	Digital Services	Services - £37,000	Aylesbury		1 yr.
Chelmer Waterside Marketing Advice – Homes England Framework	Property Services	Services - £90,000	London		1yr.
Employment Land Review – Homes England Framework	Spatial Planning	Services - £30,000	London	Yes	36 months.
Local Plan Consultancy - ESPO 664_21 Framework	Spatial Planning	Services - £150,000	Aberdeen	Yes	4 yrs.
Chelmer Waterside Bridge – CCS Framework	Economic Development	Works - £12,000,000	Hillsborough		
Chelmer Waterside Project Manager – CCS Framework	Economic Development	Services - £125,000	London		1 yr.
Planning Consultancy - 6 Chelmsford Sites – CCS Framework	Property Services	Services - £130,000	London		2 yrs.
Microsoft Enterprise Subscription – KCS Framework	Digital Services	Services - £1,500,000	Pocklington		3 yrs.
Contract Extensions Taken					
MFD Leasing	Digital Services	Capita – extended a further 2 years.			

*These procurements were used to pilot the use of 10% weighting for social value in the scoring criterion.

Please note property deals are not affected by PCR (Public Contract Regulations).

Social Value Procurements 2021/22

Procurement Process / Winning Bidder	SME	Chelmsford or Essex-based?	SV Weighting	SV Score	SV Tender Ranking	Prompt Payment
Chelmer Park Pavilion Roof Replacement	Yes	Chelmsford	10%	6%	Joint 2 out of 5	Standard 30 days
Market Road Public Convenience Roof Replacement	Yes	Essex	10%	7.60%	1 out of 5	Subcontractors within 14 days
Aquila House Refurbishment	Yes	Essex	10%	6.33%	2 out of 5	Standard 30 days
Beaulieu Sports Pitch Upgrade	Yes	No	10%	5%	Joint 2 out of 3	Unknown
Play Area Surfacing Framework (Details of highest scoring bidder, multiple suppliers on framework)	Yes	No	10%	6%	Joint 3 out of 4	Unknown
Chelmer Waterside Ground Investigation	No	No	10%	7.20%	1 out of 5	14-day Prompt Payment for SMEs
Theatre Remodelling & Refurbishment	Yes	No	10%	6%	1 out of 3	28-day payment
Light Industrial Units Galleywood Hall	Yes	Essex	10%	6%	Joint 2 out of 5	Standard 30 days
Signs and Lines Framework (Details of highest scoring bidder, multiple suppliers on framework)	Yes	Essex	10%	4.8%	5 out of 7	Standard 30 days