

Committee:	Cabinet	Date:	Thursday, 5 September 2024
Title:	Annual Procurement Report 2022/23 and 2023/24		
Portfolio Holder	Cllr Neil Hargreaves, Portfolio Holder for Finance and Economy		
Report Author:	Angela Knight, Director Business Performance and People aknight@uttlesford.gov.uk Alison Chessell – Risk and Performance Services Manager, Chelmsford City Council	Key Decision:	No

Summary

1. Chelmsford City Council has 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 2022/23 and 2023/24 financial years.

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

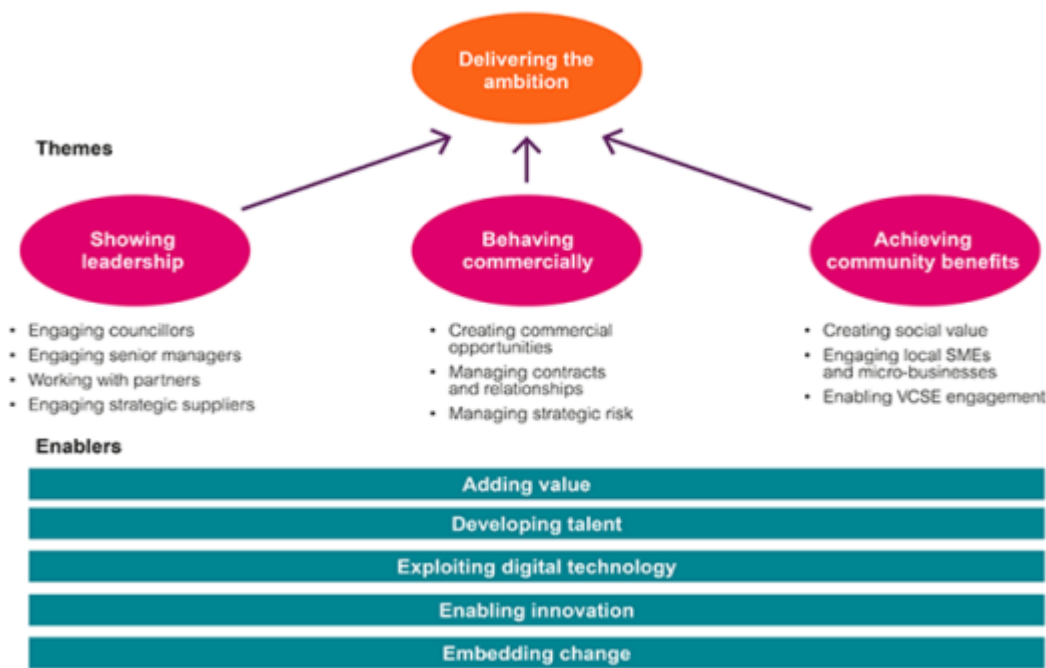
7. Chelmsford City Council (CCC) has provided our Procurement Service since 2021. The arrangement has worked extremely well, and the council has access to a wealth of knowledge and experience in all aspects of procurement. The agreement has eliminated the previous risk of a single point of failure within 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.

Procurement Strategy – 2022 - 2026

9. The Council's Procurement Strategy setting out the Council's vision and aims was approved at Council in October 2022, this has been attached as Appendix A and can also be viewed using the following link [Procurement Strategy 2022-2026 - Uttlesford District Council](#).
10. The Strategy includes a section setting out the requirements relating to Social Value and the introduction of the National Themes Measures and Outcomes (TOMS) to our procurement processes. The TOMS are seen as the best standard to measure and report on social value.
11. The Strategy will be reviewed later this year, and the updated version will be submitted to Council at the February 2025 meeting.

National Procurement Strategy – October 2022

10. The National Procurement Strategy is attached to this report as Appendix B and provides members with full details of all the key themes and the associated objectives within each one, the diagram below provides a summary of these themes.



11. The toolkit provides a basis for government bodies to assess themselves against each of the objectives within the key themes and provides guidance on what is required to achieve each level of maturity, these are described as

- Minimum
- Developing
- Mature
- Leader
- Innovator

12. The three themes contain 10 sub themes with a total of 64 objectives, an assessment of the Council’s maturity was carried out in October 2022 and the detailed outcome of this is attached as Appendix C. A summary of our maturity and ambition over the 4-year life of the Strategy for each theme using the criteria in the NPS were;

	Maturity – October 2022	Ambition of Maturity by 2026
Showing Leadership 17 objectives	0 – Innovator 0 - Leader 4 – Mature 9 – Developing 4 – Minimum	0 – Innovator 3 – Leader 14 – Mature 0 – Developing 0 – Minimum
Behaving Commercially 20 objectives	0 – Innovator 0 - Leader 0 – Mature 10 – Developing 10 – Minimum	0 – Innovator 0 - Leader 18 – Mature 2 – Developing 0 – Minimum
Achieving Community Benefits 25 objectives	0 – Innovator 0 - Leader 0 – Mature 14 – Developing 11 – Minimum	0 – Innovator 0 - Leader 0 – Mature 15 – Developing 10 – Minimum

13. A full review will be carried out later in the year to reassess the Councils maturity levels since the original assessment carried out in October 2022 against the best practice themes in the National Procurement Strategy. The revised table of the council's maturity will be included in the updated Procurement Strategy to be presented in February. The key areas of improvement to report currently are
- i. In the Achieving Community Benefits theme, improvements in the grants process have supported a competitive commissioning process following best practice principles. The new Ukraine and Overseas Arrivals Grants process has been designed as a competitive commissioning process and the procurement team have attended community events and are part of the officer due diligence and evaluation panel.
 - ii. Publication of the Modern Slavery Statement and updating our supplier contract forms to include a declaration that they do not engage knowingly in modern slavery either directly or through their supplier chain
 - iii. Contract Management, an objective which runs across a number of the themes and is specifically identified as one of the three Procurement Strategy priorities.

The current work in progress on this includes

- The production of a Contract Management Framework (attached as Appendix D)
- The formation of a contract register and the classification of contracts into categories (high, medium and low) which define the different levels of recommended contract management engagement.
- Training will be provided to all staff members who are responsible for procuring goods and services, this will take place mid to late September

This work also addresses the contract management high risk finding identified in Procurement Audit 22/23 which identified that the Council may not have adequate contract management mechanisms in place to monitor and ensure contracts awarded and/or procured goods/services achieve value for money, contract terms are adhered to, and/or performance expectations are met.

Social Value

14. The Themes, Outcomes and Measures (TOMS) were formally introduced into our procurement processes following the adoption of the Procurement Strategy in October 2022. The aim of the National TOMs Framework is to provide a minimum reporting standard for measuring social value. For more information around the TOMS framework, the Social Value portal provides a clear guide to understanding what the framework aims to achieve.
[Measurement | Social Value TOM System™ | Social Value Portal](#)
15. Social Value scoring cannot be included in all tenders and procurement processes. When direct awards or quotation processes are undertaken it is difficult to include Social Value scoring. Framework awards have some element of Social Value scoring included in the supplier selection process. The major contracts such as Housing Responsive Repairs have two elements of Social Value within the award criteria which is currently out in the market. Social Value impacts and scoring will continue to be embedded in all tenders where appropriate.

Procurement Spend and Compliance

16. As outlined in the Contract Procedure Rules, attached as Appendix E, services are required to engage with the Procurement Team for the purchasing of all goods and services over £50k and those deemed as high risk, but these could be below the £50k limit. It should be noted that services can engage with the procurement team for any and all their procurement needs irrespective of value or risk. A summary of all contracts and services awarded with the support of the procurement team are detailed in the table at Annex 1.
17. The council spent £31.45 million on goods and services in 2023/24, with external suppliers, £28.73 million would fall within the scope of contract procurement rules. The spend has been analysed as follows
 - £4.415 million is for spend under £50k, this relates to single contract awards or purchases
 - £24.31 million is for spend over £50k, this relates to both single contract awards which exceed £50k and also cumulative spend to a single supplier over more than one contract award or purchase
 - £1.984 million is for spend which is categorised as 'out of scope' – this would include grant awards, joint or shared working with other local authorities, including charges paid to Essex County Council for disposal charges for our waste service
 - £0.732 relates to spend on Temporary accommodation and emergency support for refugees arriving at Stansted. All grant payments made were subject to a full commissioning process in line with the councils Grant Policy
18. Further analysis has been carried out on supplier spend over £50k to identify the procurement route and of the £24.31 million 80% was procured with the full engagement and support of the Chelmsford City Council procurement team. The remaining 20% is being reviewed on the method and route of procurement taken.
18. Refresher training on Contract Procedure Rules will be provided alongside the contract management training discussed at paragraph 13 iii. In addition, the Procurement and Contract team have engaged with Legal to provide a full package of training on the day, to include relevant sections of the constitution and financial regulations. This should provide staff who are procuring to be fully aware of the complete governance process of delegated authority, compliant procurement and financial limits.
19. The Contract Procedure Rules allow requests for exemptions to the contract rules, but this should be the exception rather than the norm, exemptions would normally only be sought for purchasing goods and supplies below £50k and relies. Full details of all exemptions are set out in the table in Annex 2 and exemptions are acceptable for the following reasons
 - a. there is only one contractor/supplier in the market
 - b. there is an emergency situation
 - c. limited time to deliver the goods or service, meaning a full procurement process will have a negative impact on service delivery
20. There are some cases where an exemption request has been completed for spends in excess of £50k but this is for the purposes of transparency and auditing purposes to enable officers to track the decision and evidence the procurement decision. These

exemptions are only actioned after full discussions and route to market assessments have been carried out by the Procurement team at Chelmsford.

Procurement and Contract Management audit recommendations

21. An internal audit was carried out in the early part of the year and received a 'Moderate' assurance opinion.
22. There was a total of 8 actions, of which two were high priority and six were medium. Of these three of the medium priority actions have been signed off as completed.
 - Publication of a Modern Slavery Statement
 - Inclusion of checks regarding data protection in procurement documentation
 - Ensuring the section requiring engagement with the procurement team when requesting approval for an exemption to the contract procedure rules is clear
23. The remaining five actions will be addressed in the Contract Management work activities and included in the staff training taking place in September, the items to be addressed are.
 - i. Contract Management – produced and implement a contract management framework and appropriate training for staff
 - ii. Contract Register – creation of a informative and reliable database of contracts
 - iii. Approval of Spend – to ensure that documentation of all purchases (quotes, procurement documents, exemption forms) are attached to every Purchase Order raised and that authorisers are ensuring this has been included prior to authorising
 - iv. Governance, Policies and Procedures – ensuring all staff understand their responsibilities and levels of authority across the constitution, financial regs. and Contract Procedure Rules (please see paragraph 18)
 - v. Aggregate spend – to put in place a process to identify disaggregated spend with suppliers to reduce the risk of breaching procurement thresholds

Procurement landscape

24. The Procurement Act has been updated, and the procurement bill has received Royal Assent. The new act is due to come into force in October 2024 and can be summarised as below.

The Act aims to simplify the procurement process, increase transparency, and facilitate SME participation. It will also emphasise social value and policy goals related to sustainability, climate change, and social inclusion.

The Act is designed to improve the way Public Procurement is regulated in order to provide simpler and more flexible routes to market and improve access to public contracts for new entrants such as small business and social enterprises.

25. It is not expected to affect us as a District Council significantly, but it will require us to publish a 'procurement pipeline' and the publication of our contract register will support this.

26. The Chelmsford procurement team are all in the process of completing the training in the requirements of the new procurement act and will provide training for all key officers in September and October in advance of the change in legislation.

Risk Analysis

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 that the Council is receiving value for money through its contracts.
Legal challenges received from suppliers due to non-compliant contract awards	2 – The Council has clear Contract Procedure Rules in place, but some contracts may be awarded outside of the recommended procurement process	2 – The Council could be subject to legal challenges and face financial penalties from not ensuring contracts are accessible to all bidders	The Contract Procedure Rules are accessible to all staff on the Council intranet. Training is provided and refresher training is being provided in September

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.

Annex 1 - Procurement Awards with Procurement Support

2022/23

Requirement	Service / UDC Officer	Contract Type	Value £	Winning Supplier	Contract Length
Housing Needs Assessment	John Clements	Services	20,000	Justin Gardener Consulting	3 months
Development of Uttlesford District Local Walking and Cycling Infrastructure Plans (LCWIPS) & identification of Strategic Cycle Routes	John Clements	Services	53,000	PJA	9 months
Walden Place Development Works	Doug Malins	Works	2,000,000	Gipping Construction	One-off Project
CCTV Review		Services	5,500	Consultive Solutions Limited	
Process - Full Tender and PCR 2015 Applies <i>(Over OJEU OR considered to be of Strategic Importance)</i>					
None					
Procurements via Purchasing Framework					
Residential Property Management Development Consultancy Services	Simone Russell	Services	150,000	Malins Associates	3 + 1 Years
Fuel	Danny Johnson	Goods	900,000	New Era Fuels	2 years
Stock Condition Surveys	Simone Russell	Services	500,000	Savills	6 months + 6 months
Telephony	Alan Mose	Services	150,000	AdEPT Telecommunications	3 years
Microsoft Licence agreement	Alan Mose	Goods	340,000	Bytes Software	3 Years
Local Plan Transport Evidence 2022	Marcus Watts	Services	200,000	Tetra Tech	1 Year
Damp and Mould Surveys	Simone Russell	Services	100,000	Stace LLP	6 months
Idox Software	Alan Mose	Goods	450,000	Idox	3 Years
Contract Extensions / Renewals					
None					

Annex 1 continued...
2023/24

Requirement	Service / UDC Officer	Contract Type	Value £	Winning Supplier	Contract Length
*Delivery of Uttlesford District Councils Saffron Walden Clean Air, School Education Project	Vicky Reed	Services	44,000	Mattinson Partnership Limited c/o MP Smarter Travel	5 months
Town-wide Air Pollution Awareness and Behaviour Change Campaign	Vicky Reed	Services	52,000	Mattinson Partnership Limited c/o MP Smarter Travel	5 Months
Wood Burning Monitoring Project and Public Health Awareness Campaign	Vicky Reed	Services	40,000	Global Action Plan	2 Years
Procurement advice for repairs and maintenance contract for Uttlesford District Council Housing Stock	Simone Russell	Services	Rates circa 50,000	FFT	
Master planning	Andrew Maxsted	Services	30,000	We Made That LLP	1 year
Residential Property Construction Tye Green	Doug Malins	Works	328,000	DW Building	1 year
Residential Property Construction Thaxted	Doug Malins	Works	293,700	DW Building	1 Year
Youth Engagement	Hayley Coles	Services	5,000	Sounding	1 year 3 Months
E-Cargo Bike Scheme	Vicky Reed	Services	18,169	Peddle My Wheels	2 years
Fire Remediation Work	Simone Russell	Services	400,000	Porterhouse	
Estate Management Services	Adrian Webb	Services	1,000,000	Cushman & Wakefield	1 Year
Shared Bike Scheme	Rebecca Griffiths	Service	90,000	Active Cycling	2 Years
Process - Full Tender and PCR 2015 Applies <i>(Over OJEU OR considered to be of Strategic Importance)</i>					
Recyclables	Ben Brown	Services	1,600,000	N&P	3 years + 3 x 12 months
Procurements via Purchasing Framework					
Planning Policy consultancy support	Andrew Maxsted	Services	20,000	Aecom	6 months
Legal Advice	Norman Coombe	Services	80,000	Birketts LLP	One Off
Landscape Evidence for the Local Plan update	Andrew Maxsted	Services	30,000	Land Use Consultants (LUC)	4 months
Franking Machine	Robert Cant	Goods	50,000	Quadiant UK Limited	5 Years
Landscape Evidence for the Local Plan update	Andrew Maxsted	Goods	30,000	Land Use Consultants Limited	4 months
E-Car Club	Vicky Reed	Goods	38,000	Co-Wheels	4 years
NEC Software	Alan Mose	Goods	1,500,000	NEC Software Solutions UK Limited	5 years
Planning Support	Andrew Maxsted	Services	12,000	Land Use Consultants	6 Months
Clean Air Transport Strategy	Vicky Reed	Services	55,000	Tetra Tech	
AV System	Adrian Webb	Goods/Services	492,000	Civico	5 years
Continuation of Uttlesford Design Code Work	Anne Howells	Services	40,000	LDA Design	3 months
Strategic Flood Risk Assessment	Anne Howells	Services	31,000	JBA Consulting	4 Months
UDC Energy	Angela Knight/Christine Oakey	Services	Projected 633,000	Laser Energy	3 years
Contract Extensions / Renewals					
Zurich	Gareth Robinson	Insurance Contract Extension – 1 year			
Other					

Annex 2 – Exemption Requests

Details	Value of Contract	Service Department	Contract Awarded to	Reason for Exception Request
2023/24				
To deliver a strength and balance falls prevention service for the residents of Uttlesford	26,000	Communities	Health And Activity Specialist	The identified provider as well as having the required skills and qualifications to deliver the strength and balance service also have over 20 years extensive knowledge and practical experience of working with patients with cardiac related illness which is a common condition of many of the participants that attend the strength and balance service in Uttlesford.
Cashless Car Park Ticket Machines	26,700	Car Parks	IPS	The council is a partner in NEPP who provide our car parking enforcement along with 4 other LA's. IPS is the main supplier of the car park machines across the partnership and the council already has 19 in some of its car parks.
Delivery of a local digital inclusion project that provides Uttlesford residents access to digital devices and data and supports them with functional digital skills.	45,000	Economic Development	West Essex Community Network (WECAN)	WECAN Digital Share project's existing funding will end in March 2024. An exemption is requested in order to provide a grant of £45,000 using UKSPF funding to support the continuation of the WECAN Digital Share project during 2024/25. Adequate funds are available in the UKSPF year 3 allocation to fund this project. The WECAN Digital Share project has built up strong links within the local Uttlesford community and has achieved very positive results for local residents. The project has proved to be delivering against appropriate outputs and outcomes that meet the UKSPF criteria.
Mould wash and treatment to approx. 95 properties – as well as the remedial works required to make good. i.e. Painting, plastering and ceiling works.	47,500	Housing	NC Construction Ltd	Short timeline to carryout work. 95 properties have been identified as at severe risk on the HHSRS failings. A contractor has been identified who can deliver the mould treatment as well as minor remedials and making good related to damp and mould within a short timeline.

Annex 2 continued...

Details	Value of Contract	Service Department	Contract Awarded to	Reason for Exception Request
2023/24				
Housing Benefit Subsidy Audit	49,900	Finance	KPMG	The council would benefit from a seamless audit; the financial accounts are audited prior to the HB subsidy on an annual basis. A significant amount of work and assurances can be gained on the future HB work when auditing the main accounts. If different auditors are employed for each audit separately there will be an amount of duplication, this would incur an increase in costs, plus extra finance and benefit resource to effectively provide information twice.
Local Plan Leisure Strategy updated evidence	50,000	Planning	Knight, Kavanagh and Price	Urgency due to deadlines to meet Local Plan timetable
Delivery of training programmes to upskill Uttlesford residents thus enabling them to progress in their career and achieve higher wages	50,000	Economic Development	Harlow College	This project is being jointly funded with Harlow Council and Epping Forest District Council, which means that we are able to offer a wider variety of courses and we have a lower financial risk than if we were funding individually. The courses will be fully funded for Uttlesford residents earning less than £35,000 per annum to allow them to upskill and earn higher wages.
Mould wash and treatment to approx. 520 properties	52,000	Housing	ICE Cleaning Ltd	520 properties have been identified as a moderate risk on the HHSRS failings. A contractor has been identified who can deliver a high volume of mould washes in a short timeframe.

Annex 2 continued...

Details	Value of Contract	Service Department	Contract Awarded to	Reason for Exception Request
2023/24				
Bio-Diversity Net Gain Monitoring	80,000	Planning	Verna - Mycelia	Only two suppliers on market and urgency due to funding criteria on spending deadlines
Integration support service for the three Afghan households within Uttlesford via LAHF2	153,757	Housing	Essex Integration	It is a specialist service offered by Essex Integration which they provide at a local level and one where they have a proven track record of delivering to previous migrant cohorts such as Syrian refugees previously housed within the Uttlesford district. There are no other organisations offering this service which operate solely across Essex.
Provision of legally required Official Veterinary surgeon(s) (OVS) at the Stansted border control post (BCP) and additional Port Health Officer (PHO) if required.	200,000	Environmental Health	AJ Veterinary Services	This is a niche market with limited scope for genuine competition at this time. This is exacerbated by a market that is in a state of flux, as new legislative requirements come into play. I agree that it would be prudent to put in place a 24mth contract to cover this transition period.
2022/23				
Processing of the Governments Energy Bill Support – Alternative Funding scheme	16,950	Revenues	NEC Software Solutions	Main system provider is NEC so the system solution was seamless. Delivery of funding was time limited and subject to a short delivery deadline
26,000kg Dennis Eagle twin pack refuse collection vehicle with split lifts.	45,000	Environmental Services	Hopdeals	Second hand vehicle and only one on the market that matched our requirements
7.5 tonne DAF Luton Boxy Body with Tail Lift - Second hand	42,000	Environmental Services	Hopdeals	Second hand vehicle and only one on the market that matched our requirements