

Agenda

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Delegated Decisions of the Board Member, Finance and Efficiency

Date: **Tuesday 29 November 2011**

Time: **5.00 pm**

Place: **Town Hall, Oxford**

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Delegated Decisions of the Board Member, Finance and Efficiency

Board Member

Portfolio

Councillor Ed Turner

Finance and Efficiency

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AGENDA

PART ONE PUBLIC BUSINESS

Pages

1 DECLARATIONS OF INTEREST

Guidance on personal and personal prejudicial interests is attached to these agenda pages.

2 PUBLIC ADDRESSES

Members of the public may, if the Board Member agrees, ask a question of the Board Member on any item for decision on this agenda (other than on the minutes). The full text of any question must be notified to the Head of Law and Governance by no later than 9.30 am two clear working days before the meeting. Questions by the public will be taken as read and, at the Board Member's discretion, responded to either orally or in writing at the meeting. No supplementary question or questioning will be permitted.

The total time permitted for this item will be 15 minutes.

3 COUNCILLOR ADDRESSES

City Councillors may, at the Board Member's discretion, ask a question or address the Board Member on an item for decision on the agenda (other than on the minutes). The full text of any question and the nature of any address must be notified to the Head of Law and Governance by no later than 9.30 am two clear working days before the meeting. Questions by councillors will be taken as read and, at the Board Member's discretion, responded to either orally or in writing at the meeting. No supplementary question or questioning will be permitted. If an address is made, the Board member will either respond or have regard to the points raised in reaching her or his decision. If the address is by the Chair of a Scrutiny Committee or her or his nominee then the Board member will be required to say as part of their decision whether they accept the Scrutiny recommendations made.

4 SUPPLY OF CLEANING MATERIALS - FRAMEWORK CONTRACT

1 - 8

Lead Member: Councillor Turner

Report of the Head of Business Improvement

This report concerns a contract for the supply of cleaning materials and seeks project approval and delegated powers to award a framework contract for four years.

5 MATTERS EXEMPT FROM PUBLICATION

If the Board member wishes to exclude the press and the public from the meeting during consideration of any of the items on the exempt from publication part of the agenda, it will be necessary for the Board member to pass a resolution in accordance with the provisions of Paragraph 21(1)(b) of the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2000 on the grounds that their presence could involve the likely disclosure of exempt information as described in specific paragraphs of Schedule 12A of the Local Government Act 1972.

The Board member may maintain the exemption if and so long as, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

DECLARING INTERESTS

What is a personal interest?

You have a personal interest in a matter if that matter affects the well-being or financial position of you, your relatives or people with whom you have a close personal association more than it would affect the majority of other people in the ward(s) to which the matter relates.

A personal interest can affect you, your relatives or people with whom you have a close personal association positively or negatively. If you or they would stand to lose by the decision, you should also declare it.

You also have a personal interest in a matter if it relates to any interests, which you must register.

What do I need to do if I have a personal interest?

You must declare it when you get to the item on the agenda headed "Declarations of Interest" or as soon as it becomes apparent to you. You may still speak and vote unless it is a prejudicial interest.

If a matter affects a body to which you have been appointed by the authority, or a body exercising functions of a public nature, you only need declare the interest if you are going to speak on the matter.

What is a prejudicial interest?

You have a prejudicial interest in a matter if;

- a) a member of the public, who knows the relevant facts, would reasonably think your personal interest is so significant that it is likely to prejudice your judgment of the public interest; and
- b) the matter affects your financial interests or relates to a licensing or regulatory matter; and
- c) the interest does not fall within one of the exempt categories at paragraph 10(2)(c) of the Code of Conduct.

What do I need to do if I have a prejudicial interest?

If you have a prejudicial interest you must withdraw from the meeting. However, under paragraph 12(2) of the Code of Conduct, if members of the public are allowed to make representations, give evidence or answer questions about that matter, you may also make representations as if you were a member of the public. However, you must withdraw from the meeting once you have made your representations and before any debate starts.

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To: Delegated decisions of the Board Member, Finance and Efficiency

Date: 29th November 2011

Report of: Head of Business Improvement

Title of Report: AWARD OF FRAMEWORK AGREEMENT FOR THE SUPPLY OF CLEANING MATERIALS TO ALL OXFORDSHIRE COUNCILS INCLUDING OXFORD CITY COUNCIL

Summary and Recommendations

Purpose of report: To grant project approval for the supply of cleaning materials to Oxford City Council and to recommend award of contracts to the five suppliers detailed in this report.

Key decision? No

Executive lead member: Councillor Ed Turner

Policy Framework: An efficient and effective Council

Recommendation(s):

- 1) To grant project approval for the supply of cleaning materials;
- 2) That a Framework Agreement be put in place with the five selected suppliers, as identified in this report, from 1st January 2012 to 31st December 2015.

1. Summary

- 1.1 This report sets out the procurement route that has been taken for purchasing cleaning materials.

2. Background

- 2.1 Oxford City Council does not currently have a contract with any one individual cleaning material supplier. Each service area of the Council

makes their own choice as to who they use. Currently the Council uses in the region of ten suppliers with a yearly spend of approximately £105K.

- 2.2 The current arrangement is not compliant with the EU Procurement Regulations and does not deliver value for money as the various service teams are currently buying similar products at different prices.
- 2.3 By aggregating all of the cleaning material spend for all the Oxfordshire Councils there is also the opportunity to leverage additional cost savings.
- 2.4 Oxford City Council's Procurement Team, has managed an EU compliant tender process with support from Direct Services, Oxfordshire County Council, West Oxfordshire District Council, Vale of White Horse District Council and South Oxfordshire District Council.
- 2.5 The Oxfordshire Council's aggregated spend is approximately £1.5 million on cleaning materials every year.

3. Tender Process

- 3.1 The potential value of the contract for the 4 year framework period would equate to £6 million and therefore has necessitated an OJEU procurement process.
- 3.2 As there is potentially a large number of cleaning material suppliers in the market, it was decided that the restricted tender process would be the best option to take.
- 3.3 Due to the requirement of this contract to service all Oxfordshire Councils, including schools and colleges, it was felt that a Framework Agreement with up to a maximum of eight suppliers would offer better value county wide than a sole supplier contract.
- 3.4 The tender opportunity was advertised in OJEU and on the South East Business Portal.
- 3.5 The Council received twenty one responses at PQQ stage.
- 3.6 The responses were evaluated by a panel of representatives from the Oxfordshire Councils and a list of the top twelve was sent to finance for a full financial assessment. The criteria used at PQQ stage was a pass/fail section for insurance, health and safety, equality and diversity and financial stability. Once through the pass/fail criteria the submissions were assessed for environmental policies, technical capacity, experience and expertise, quality assurance, continuity plans and corporate social responsibility.
- 3.7 Eleven bidders were selected to go through to the tender stage.

- 3.8 All eleven bidders responded to the tender. The submissions were evaluated by the same panel responsible for the PQQ evaluation providing consistency throughout the process. The tenders were evaluated on 60% cost with 40% being allocated to the technical specification.
- 3.9 The costs were evaluated by selecting a basket of goods for each of the following categories (creating a core list).
- Branded items
 - Non branded items
 - Environmentally friendly items
- 3.10 Costs were also evaluated on the percentage discount that each supplier is prepared to offer from its catalogue. This would be used for non core items.
- 3.11 Higher marks were awarded to the suppliers that had the highest number of line items showing the best value.
- 3.12 The five suppliers being recommended to be placed onto the Framework Agreement are:-
- Alliance Disposables
 - 3663
 - Bunzl Greenham
 - Premiere Products
 - Cherwell Packaging

4. Savings

- 4.1 One supplier who currently represents 27% of Oxford City Council spend on cleaning materials received the second lowest score in terms of pricing.
- 4.2 Analysis of one service areas spend with this supplier for the last 3 months is showing an average saving of 60%.
- 4.3 Another supplier who represents 17% of Oxford City Council spend on cleaning materials came 6th place overall in the pricing.
- 4.4 Analysis of this supplier shows their pricing to be on average 40% more expensive that the cheapest supplier by line item.
- 4.5 It needs to be noted that cleaning materials is a diverse product range and it is extremely difficult on paper to match quality with service area specific requirements. For instance there are over 40 types of bin liners.

- 4.6 Allowing for higher quality products to be procured than detailed in the core basket list supplied to the potential providers, it is estimated that this contract will deliver a minimum yearly saving of 25%. This represents a minimum saving of £26,250. Further analysis will be completed with all service areas once the contract, if approved has been rolled out, to ascertain the full savings that the contract will deliver.
- 4.7 Cost increases for core products will be minimised using the Terms and Conditions which have stipulated that the prices are to remain fixed for the duration of the 4 year agreement unless the supplier can provide justification with quantifiable evidence of any requested price increase. This can only take place once a year in November.
- 4.8 All suppliers have been asked to supply, fit and maintain free of charge to the Council items like toilet roll dispensers, hand towel dispensers, soap dispensers and detergent dispensers further adding value to the contract.
- 4.9 The number of suppliers would be reduced if this contract was approved negating the need for each service area to research the best value supplier for their needs. This obviously represents a non cashable saving.

5. Other Options

- 5.1 The Constitution and Procurement, Commissioning and Supplier Strategy advises that the Single Member Decision Process considers what other options are available before giving major project approval and awarding a contract over £100K. These are detailed below.

5.2 Use an Existing Contract, set up by another organisation

There is no suitable contract that meets the needs of not just Oxford City Council, but also the Oxfordshire County and District Councils.

5.4 Set up a Contract with one supplier rather than multiple suppliers

It is expected that this contract will be utilised by most if not all of the Oxfordshire Councils as well as schools and further education colleges. It is unlikely that one supplier would be able to service all establishments' needs.

6. Benefits of this Contract

- 6.1 By awarding the contract to five suppliers all users will be able to select one or all five suppliers to provide their cleaning materials. By utilising

a pricing matrix they will be able to deliver best value on each item purchased.

- 6.2 Aggregating spend across the six Oxfordshire Councils, for a product group that all Public Sector organisations have a need to procure, will deliver efficiencies.
- 6.3 A core product list has been developed with a view to minimising the number and type of different products bought. All suppliers will work with the Councils in terms of range rationalisation.
- 6.4 Operational benefits include:
 - The holding of all core stock items for next day delivery.
 - Catalogue discount for non core items.
 - Monthly reporting to enable the monitoring of non core spend
 - On-line ordering facilities.
 - Intelligent routing to improve the environmental impact of delivery.
 - Fixed prices for 4 years unless the supplier can provide quantifiable evidence of any requested price increase with yearly benchmarking of prices against market rates.
 - A range of free dispensers.
- 6.5 By carrying out the restricted tender process and awarding a new framework agreement the Council is ensuring it is compliant with the EU Procurement regulations.
- 6.6 Value for Money will be delivered throughout the lifetime of the contract by:-
 - Cost benefits in the submissions have been delivered through the aggregation of spend across Oxfordshire
 - Benchmarking has taken place against current suppliers and the contract is showing a saving.
 - Spot buying will no longer be an option – core lists will be used and added to if required.
 - Yearly benchmarking will take place
 - With five suppliers on the Framework agreement each supplier knows that they still need to be competitive to gain / maintain a share of the business.

7. Financial Implications

- 7.1 Various service areas within the Council have budget provision to fund the purchase of cleaning materials.
- 7.2 Savings will be delivered to all Service Areas. Service Areas will need to supply past purchase history for cleaning materials to procurement for procurement to accurately analyse the full savings.

8. Legal Implications

- 8.1 A framework agreement has been negotiated, under which each of the other contracting authorities is able to draw down its own particular contractual requirements from its preferred supplier or suppliers from the framework list.
- 8.2 No minimum level of business is guaranteed to any supplier within this framework agreement from any of the listed authorities.
- 8.3 The operating terms and conditions of the contracts have been negotiated by Oxford City Council on behalf of the other contracting authorities and this Council will act as the contract administrator by way of carrying out price reviews, financial checks, insurance certificates etc. Each contracting authority will enter into its own set of draw down terms and conditions under which it will be able to obtain supplies to meet its own particular requirements..
- 8.5 Any amendment to pricing must be agreed once a year (November) with the procurement team at Oxford City Council. No other variations to pricing will be accepted.

9. Risk Management

Risk	Likelihood	Mitigation
Preferred supplier experiences financial difficulties	M	If one of the companies goes into liquidation there will be four other companies on the framework agreement that would be able to supply products to the council. Regular financial monitoring will be conducted.
Contract no longer satisfies Oxford City Council needs.	L	This is a call off contract and no level of business has been guaranteed to any one supplier.
Service areas do not use the contract	H	A communication plan will be put into place. Finance will be asked to supply cost centre information for all suppliers identified and the end users will be targeted.

10. Climate Change/Environmental Impact

10.1 Intelligent routing will be used for all deliveries to reduce the carbon impact. The reduction of the number of suppliers currently used will provide an immediate carbon saving.

10.2 The Councils will be serviced from the following locations

- Southam nr Banbury
- High Wycombe
- Marlow
- Newbury
- Cheltenham

11. Equalities Impact

11.1 All of the recommended suppliers support and adhere to the Council's Living Wage Policy.

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