

Cabinet Member for Finance and Resources	Ref No. FR29(10/11)
Contract for the Provision of Cleaning Materials and Equipment	Key Decision: Yes
	Part I – Report Part II – Appendix 1a & 1b
Report by Executive Director Finance and Performance	Electoral Divisions: N/A

Executive Summary

The purpose of this report is to make recommendations regarding West Sussex County Council's procurement options for the supply of Cleaning Materials and Equipment following the expiry on the 30th April 2011 (the last extension) of the current Sussex Consortium Agreement. It explores four possible options open to West Sussex County Council (WSSCC) which are:

- A. Allow the current framework to lapse to a natural conclusion on 30th April 2011.
- B. Undertake a procurement process to create a new framework agreement for the Sussex Cleaning Materials Consortium (SCMC) to include all authorities within the geographical boundaries of East Sussex and West Sussex including Brighton & Hove.
- C. Re-tender the opportunity to create a new framework agreement just for West Sussex County Council.
- D. Utilise various service providers on collaborative frameworks for example the Central Buying Consortium (CBC) and / or the Office Government Commerce (OGC) Buying Solutions Framework Agreements.

Recommendations

1. That the Cabinet Member approves the procurement process to create a new Framework Agreement for the Sussex Cleaning Materials Consortium (SCMC) for Cleaning Materials and Equipment. The contract will commence on the 1st May 2011 and be for a period of two years with the option to extend the contract for a period of up to two years until the 30th April 2015, subject to the performance of the appointed service provider.
2. Other authorities within the Improvement Efficiency South East (IESE) and Central Buying Consortium (CBC) should be permitted to use the Framework Agreement for cleaning materials over and above the existing members of the SCMC.
3. That the Executive Director Finance and Performance has the delegated authority to accept the Most Economically Advantageous tender(s) and to award the framework agreement against this criteria.
4. That the procurement process will be conducted using the Council's eTendering tool ('BRAVO') and that if considered appropriate an online Reverse Auction will be used within the procurement process.

1. Background

- 1.1 In 2003 West Sussex County Council as the lead authority, facilitated a procurement process on behalf of the Sussex Cleaning Materials Consortium (SCMC) which includes all public bodies within the geographical boundaries of East and West Sussex for the provision of Cleaning Materials and Equipment.
- 1.2 Following a robust procurement process that was compliant with West Sussex County Council Standing Orders on Procurement and Contract and the EU Procurement Directives that were in place at the time, the existing contract was awarded to Wightman and Parrish (W&P) on 1st May 2004 for a period of 5 years until 30th April 2009, with a provision to extend for a further two years, subject to performance. West Sussex County Council currently utilises the SCMC for the provision of its Cleaning Materials and Equipment together with eight other public bodies within East and West Sussex as detailed below:

West Sussex County Council, Brighton and Hove City Council, Chichester District Council, Eastbourne Borough Council, East Sussex County Council, East Sussex Fire & Rescue Service, Sussex Police, Wealden District Council and all educational establishments within these authorities.

- 1.3 The annual value of the contract for 2009 was £1,650,796 for the SCMC whilst West Sussex County Council spend for that period was £797,675 (West Sussex County Council Schools spend £633,457 of this total). The number of users has continued to increase year on year which increases the leverage with the supplier to gain value for money purchases. This, along with the bulk orders for Swine Flu Pandemic provisions, explains the increased value from the 2008 total of £1,539,261 for the Consortium.
- 1.4 The County Council receives a rebate of 2% on West Sussex County Council spend, and 1% from spend by the consortium members to cover the costs of the original procurement process and the subsequent contract management activity. This equated to approximately £33,000 of income in 2009.

2. Performance of the Framework Agreement

- 2.1 All SCMC members have expressed their satisfaction with the level of consistency of the service, the development afforded and the competitive prices offered by W&P. The contract is highly regarded by all those authorities that use it, due to the very high standards of service received from W&P, evidenced by the fact that;

a) A quote from the 2008 audit by West Sussex County Council Quality Management team stating

'W&P provide an excellent service to the County Council and as such the contract has grown in size over a number of years. This demonstrates a robust partnership. The quality of service provided by W&P would suggest that an option to extend the contract should be considered to ensure continuity in the standards of service provided.' and

b) Procurement Support has received no complaints from the consortia members or from W&P.

c) Schools are not required to use the contract and can purchase from any supplier they choose, however in the last year, 350 schools have regularly made purchases.

d) The contract is being utilised by more corporate establishments throughout West Sussex County Council, from 110 to 116 in 2010, despite a reduction in the number of buildings.

- 2.2 W&P are located in Hailsham, East Sussex and as such have proved highly efficient in terms of the personal service offered to the consortium, by being very proactive in their service delivery and if necessary visiting members the same day.
- 2.3 Although evaluating savings is difficult, due to the fact that volumes can change from week to week, a review of historical expenditure enables us to estimate savings made though the lifetime of the contract. The contract award report in 2004, stated that West Sussex County Council spend in the financial year 2003/04 was £901,000. In comparison the expenditure in the last financial year 2009/10 was £814,973 (a reduction of £86,027), despite the addition of approximately 50 County Council schools utilising the contract.
- 2.4 The core products in the contract are subject to continual review by W&P and West Sussex County Council in that they are replaced where a cheaper product of acceptable quality (as approved by the consortia members) can be adopted, and where alternative products offer improved sustainable/environmental benefits at reasonable cost.
- 2.5 Initiatives have included introducing a £30 minimum order value in 2008, resulting in process savings of £32,340 when comparing 2008 to 2009 sales order figures, and W&P establishing a standard list of products for hygiene disposables for each building (paper towels, hand cleaner, etc) and provides dispensers free of charge for all establishments.
- 2.6 Benchmarking exercises have been undertaken in the last two years to validate the two contract extensions. The latest in February 2010 compared pricing from East Sussex County Council's other supplier to W&P that is used by their schools and colleges. The top 50 by value and volume were compared by using actual sales data from April to December 2009. Where like for like products were identified, this equated to spend at W&P prices with a total of £471,803, whilst the other suppliers prices totalled £618,474, a difference of over £145,000 in favour of our current contract. (See Appendix 1). The benchmarking exercise that took place in 2008, used information provided by IESE. Both benchmarking exercises confirmed that the consortium continued to get value for money from the contract with the current supplier W&P.

Further benchmarking has been undertaken to support the decision to undertake a procurement process with another local authority provider of cleaning materials and equipment that has demonstrated the SCMC is currently getting value for money from W&P (See Appendix 1).

- 2.7 As volumes can change from week to week, a review of historical expenditure is the only way to enable us to estimate future expenditure within West Sussex.

As a guide, the value of the Framework Agreement for the year 2008/9 was £1.639m with West Sussex County Council spend being £191k, and in 2009/10 the consortium spend was £1.799m with West Sussex County Council spend at £232k. The table below shows the spend for each authority for the past two years. Where there was an increase in spend in 2009/10 this was due to large flu pandemic orders being placed by each authority, and an increase in spend from schools particularly for West Sussex County Council.

Authority / Financial year	Eastbourne District Council	Brighton & Hove City Council	Sussex Police	East Sussex County Council	East Sussex Fire & Rescue	Wealden District Council	West Sussex County Council	West Sussex County Council school spend	Parish & Districts Chi DC, Mid Sussex, Worthing	Totals
2008/9 Totals (£)	12660	242141	96187	353114	24602	23282	190830	624143	72864	1639823
2009/10 Totals (£)	16654	266787	127059	381733	30125	26403	232286	685422	33268	1799737

3. Options Appraisal

Set out below are the four options available to us in respect of the provision of Cleaning Materials and Equipment, together with the details of the benefits and risks of each option.

3.1 Option A - Allow the current framework to lapse to a natural conclusion on 30th April 2011

3.1.1 We have the ability to let the current agreement lapse to its natural conclusion. However as the ongoing requirement is above EU Procurement Directives thresholds for supplies contracts, it is a statutory requirement for West Sussex County Council to have a compliant contract in place and therefore we must be choose one of the other three options detailed.

3.1.2 Consideration also needs to be given to the requirements of fellow SCMC members ('SCMC'), who will need to obtain their requirements from a compliant source.

3.2 Option B & C - Re-tender to create a new framework agreement for the SCMC

3.2.1 Options B and C are to start a new procurement process and tender a new framework agreement to commence in May 2011.

3.2.2 West Sussex County Council have been the lead authority for the SCMC for over 10 years and after consultation at the last consortium review meeting, it was unanimously agreed that West Sussex County Council would, if this report approved, carry out the new procurement process on behalf of the Consortium.

3.2.3 The reasoning is that this would be a cost effective exercise for the consortium and although requiring input from many stakeholders, and supplier assessments, the benefits to West Sussex County Council would offset the cost involved. With resources at a premium throughout the consortium members, it is considered that there is little evidence of adding value by tendering ourselves as West Sussex County Council.

3.3 Option D - Utilise the Central Buying Consortium (CBC) and / or the (OGC) Buying Solutions Framework Agreements.

- 3.3.1 Both the CBC and OGC Buying Solutions have Framework Agreements in place for the supply of cleaning materials and equipment that the SFC members can utilise. However there is no one contract for the variety of goods that are currently purchased on this contract from Wightman and Parrish.
- 3.3.2 Upon investigation the OGC currently has at least eight frameworks with 16 suppliers that could provide the majority of the provision that is required. The CBC has two contracts that we could utilise but these would not cover all the requirements of West Sussex County Council.
- 3.3.3 We therefore have the option to place call off orders from numerous framework agreements, as and when required. This however would not make practical sense as to utilise the services of these frameworks would mean numerous suppliers, management of all those suppliers, management of multiple SAP/SRM catalogues, multiple deliveries (incurring a sustainability impact) and goods subject to different terms and conditions.

4. **Proposal**

- 4.1 In respect of the information contained in this report it is recommended that the option to re-tender the opportunity to create a new framework agreement for the SCMC for Cleaning Materials and Equipment. The contract will commence on the 1st May 2011 and be for a period of two years with the option to extend the contract for a period of up to two years until the 30th April 2015, subject to the performance of the appointed service provider.
- 4.2 The procurement process will be open, transparent, equitable and fair in accordance with EU procurement regulations and our own Standing Orders on Procurement and Contracts. An **E-auction** if considered appropriate when all the consultation has been completed will be used within the procurement process.
- 4.3 The procurement process will determine the single service provider for this framework agreement and the contract will be awarded based on the most economically advantageous tender (MEAT) criteria, with an emphasis on delivering a sustainable and environmentally friendly service.

5. **Consultation**

- 5.1 All members of the SCMC have been consulted with regard to the future provision, and as indicated in point 3.2.2, has recommended that West Sussex County Council start a new procurement process.
- 5.2 Facilities Management have been consulted in regards to West Sussex County Council requirements and potential future specifications. The Facilities Management team wishes to continue with a similar contract format.
- 5.3 Feedback regarding the quality of the existing service is positive.
- 5.4 A representative from the County Council's Procurement team contacted both the CBC and OGC Buying Solutions representatives, in order to gauge the positive and

any potential negative aspects of all the Cleaning Materials and Equipment Frameworks. The County Council were advised that the Frameworks expressed only positive views with no specific negative views, and felt that all the Frameworks are running well.

- 5.5 The provision of the new service delivery is being discussed with the Sustainability Team, with the view to completing a Sustainability Appraisal to inform the design of the new service and the specification of requirements. This should ensure that the provision of the framework agreement will support and compliment the Councils sustainability targets, which should ensure the delivery of a sustainable service.
- 5.6 The Resources Consultative Group and Schools Forum will be consulted with regard to these proposals at their next meetings in October 2010.

6. Customer Focus Appraisal

- 6.1 After consultation with the Customer Insight Team it was agreed that a Customer Focus Appraisal was not necessary at this time.

7. Resource Implications and Value for Money

- 7.1 Value for money should be delivered by allowing the Sussex Consortium members to utilise the new Framework agreement following the procurement process run by West Sussex County Council as the lead authority. The new procurement process would be run as a restricted tender and the decision to award a service provider would be by the bidder who submitted the most economically advantageous tender. This will ensure that the tender evaluation and award criteria balance the technical and quality requirements against commercial elements to ensure the delivery of affordable goods and service that is best value for money.
- 7.2 Procurement resources can be utilised if the recommendation is approved and that West Sussex County Council undertake a new procurement process. The reasoning is that this would be a cost effective exercise for the SCMC and although requiring input from many stakeholders, and supplier assessments, the benefits to the County Council would offset the cost involved.
 - 7.3.1 It was discussed at the last SCMC review meeting and it was unanimously agreed that a new tender should be carried out by West Sussex County Council on behalf of SCMC and the day to day management of the service provider will continue to be by West Sussex County Council who will manage any contractual issues, price reviews, and any performance issues on behalf of the SCMC.
 - 7.3.2 West Sussex County Council recovers the costs of managing the cleaning materials contract on behalf of the SCMC via the retrospective rebate referred to in paragraph 1.4 of this report.
- 7.4 It is difficult to quantify the savings that could be generated from this new contractual arrangement; however savings should be delivered by the competition created by the procurement process, in the very competitive marketplace.
- 7.5 Details of the financial analysis and summary in appendices 1a and 1b are available to members of the Council only in Part II, by virtue of Paragraph 3 Schedule 12A Local Government Act 1972; information relating to the financial or

business affairs of any particular person (including the authority holding that information).

8. Risk Management Implications

- 8.1 Do nothing is not a viable option as we have to comply with EU procurement directives and WSCC standing orders on procurement and contracts, and if a requirement arose then we might not have the capacity to review our options at that point in time. The SCMC considers the option to split the requirements from the various providers on the CBC and OGC Frameworks to be unbeneficial at this time; therefore the only viable option is for West Sussex County Council to commence a procurement process on behalf of the consortium.

The new Framework Agreement will:

- Allow resources within West Sussex County Council Procurement team to be utilised,
- Provide an income stream from other Authorities usage,
- Provide a reliable and value for money supply of cleaning materials,
- Continue to reduce 'maverick spend' in this area.

- 8.2 The successful service providers will be required to have appropriate levels of insurance in accordance with Standing orders on Procurement and Contracts.

- 8.3 The successful service providers will also be required to comply with the County Council's Health and Safety requirements.

9. Crime and Disorder Act Implications

- 9.1 Not applicable

10. Human Rights Act Implications

- 10.1 Not applicable

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Part II - Background Papers

Appendix 1a and 1b - Financial Analysis / Summary