

Part 1 – Open to the public

ITEM NO.

REPORT OF

The Strategic Director for Place

TO

Procurement Board

ON

26th June 2019

Approval for an Exception to Contractual Standing Orders to award a contract for Construction Services Job Costing System, Road Lineage, Tools & Equipment and Instant Road Repair in relation to the Transition of UV services.

RECOMMENDATION:

That the Procurement Board

(1) Approve an exception to Contractual Standing Orders in accordance with Paragraph 3.1 as follows:

- Specialist services/supplies which are available only from one supplier. For example, specialist niche consultants or suppliers where there is a sole supplier of patented or proprietary articles, or materials or services exclusively provided by a statutory undertaker or other bodies.
- For reasons of compatibility with existing services/products – for example, equipment that needs parts from its own manufacturer.
- Where the council can demonstrate that an integrated or strategic approach to procurement is being implemented and there is a requirement to align services or contracts to co-terminus end dates.
- There are value for money reasons justifying an exception.

(2) Approve the award of the Contract for Construction Services Job Costing System, Road Lineage, Tools & Equipment and Instant Road Repair as detailed in the table below:

Detail required	
Title/Description of Contracted Service/Supply/Project	Construction Services Job Costing System

Name of Successful Contractor	Causeway Technologies Ltd
Supplier Registration Number <i>(to be supplied by Corporate Procurement)</i>	03921897
Type of organisation <i>(to be supplied by Corporate Procurement)</i>	Private Limited Company
Status of Organisation <i>(to be supplied by Corporate Procurement)</i>	Non-SME
Contract Value	£100,000 Full Project
Contract Duration	39 months
Contract Start Date	01/01/2020
Contract End Date	30/04/2023
Optional Extension Period 1	0
Optional Extension Period 2	0
Who will approve each Extension Period?	Choose an item.
Contact Officer (Name & number)	Shoaib Mohammad
Lead Service Group	Place
Reason for CSO Exception <i>(select all that apply)</i>	The need for the goods, services or works is so urgent that the time needed to comply with the rules would be prejudicial to the Council's interests <input type="checkbox"/>
	Specialist services/supplies which are available only from one supplier. For example, specialist niche consultants or suppliers where there is a sole supplier of patented or proprietary articles, materials or services exclusively provided by a statutory undertaker or other bodies <input type="checkbox"/>
	For reasons of compatibility with existing services/products – for example, equipment that needs parts from its own manufacturer <input checked="" type="checkbox"/>
	Where any of the standing orders are inconsistent with any legislative requirements, in which instance the provisions of the appropriate legislation shall prevail <input type="checkbox"/>
	Where the Council can demonstrate that an integrated or strategic approach to procurement is being implemented and there is a requirement to align services or contracts to co-terminus end dates <input checked="" type="checkbox"/>
	There are value for money reasons justifying a CSO Exception <input type="checkbox"/>
	School Governors: in relation to the Local Management of Schools (LMS), where schools have adopted their own standing orders <input type="checkbox"/>
	The shared legal service, in respect of the appointment of counsel <input type="checkbox"/>
Strategic Director of CHSC: contracts for the provision of personal care services or facilities pursuant to the National Health Service and Community Care Act 1990 <input type="checkbox"/>	
Funding Source	Revenue Budget

Detail required	
Title/Description of Contracted Service/Supply/Project	Road Lineage
Name of Successful Contractor	K J Lines

Supplier Registration Number <i>(to be supplied by Corporate Procurement)</i>	03900183	
Type of organisation <i>(to be supplied by Corporate Procurement)</i>	Private Limited Company	
Status of Organisation <i>(to be supplied by Corporate Procurement)</i>	Non-SME	
Contract Value	£150,000	Full Project
Contract Duration	12 months	
Contract Start Date	01/10/2019	
Contract End Date	30/09/2020	
Optional Extension Period 1	0	
Optional Extension Period 2	0	
Who will approve each Extension Period?	Choose an item.	
Contact Officer (Name & number)	Shoaib Mohammad	
Lead Service Group	Place	
Reason for CSO Exception <i>(select all that apply)</i>	The need for the goods, services or works is so urgent that the time needed to comply with the rules would be prejudicial to the Council's interests	<input type="checkbox"/>
	Specialist services/supplies which are available only from one supplier. For example, specialist niche consultants or suppliers where there is a sole supplier of patented or proprietary articles, materials or services exclusively provided by a statutory undertaker or other bodies	<input type="checkbox"/>
	For reasons of compatibility with existing services/products – for example, equipment that needs parts from its own manufacturer	<input type="checkbox"/>
	Where any of the standing orders are inconsistent with any legislative requirements, in which instance the provisions of the appropriate legislation shall prevail	<input type="checkbox"/>
	Where the Council can demonstrate that an integrated or strategic approach to procurement is being implemented and there is a requirement to align services or contracts to co-terminus end dates	<input checked="" type="checkbox"/>
	There are value for money reasons justifying a CSO Exception	<input checked="" type="checkbox"/>
	School Governors: in relation to the Local Management of Schools (LMS), where schools have adopted their own standing orders	<input type="checkbox"/>
	The shared legal service, in respect of the appointment of counsel	<input type="checkbox"/>
Strategic Director of CHSC: contracts for the provision of personal care services or facilities pursuant to the National Health Service and Community Care Act 1990	<input type="checkbox"/>	
Funding Source	Revenue Budget	

Detail required	
Title/Description of Contracted Service/Supply/Project	Tools & Equipment
Name of Successful Contractor	P F Cusacks
Supplier Registration Number	02404505

<i>(to be supplied by Corporate Procurement)</i>	
Type of organisation <i>(to be supplied by Corporate Procurement)</i>	Private Limited Company
Status of Organisation <i>(to be supplied by Corporate Procurement)</i>	Non-SME
Contract Value	£50,000 Full Project
Contract Duration	12 months
Contract Start Date	01/02/2020
Contract End Date	31/01/2021
Optional Extension Period 1	0
Optional Extension Period 2	0
Who will approve each Extension Period?	Choose an item.
Contact Officer (Name & number)	Shoab Mohammad
Lead Service Group	Place
Reason for CSO Exception <i>(select all that apply)</i>	The need for the goods, services or works is so urgent that the time needed to comply with the rules would be prejudicial to the Council's interests <input type="checkbox"/>
	Specialist services/supplies which are available only from one supplier. For example, specialist niche consultants or suppliers where there is a sole supplier of patented or proprietary articles, materials or services exclusively provided by a statutory undertaker or other bodies <input type="checkbox"/>
	For reasons of compatibility with existing services/products – for example, equipment that needs parts from its own manufacturer <input checked="" type="checkbox"/>
	Where any of the standing orders are inconsistent with any legislative requirements, in which instance the provisions of the appropriate legislation shall prevail <input type="checkbox"/>
	Where the Council can demonstrate that an integrated or strategic approach to procurement is being implemented and there is a requirement to align services or contracts to co-terminus end dates <input checked="" type="checkbox"/>
	There are value for money reasons justifying a CSO Exception <input type="checkbox"/>
	School Governors: in relation to the Local Management of Schools (LMS), where schools have adopted their own standing orders <input type="checkbox"/>
	The shared legal service, in respect of the appointment of counsel <input type="checkbox"/>
	Strategic Director of CHSC: contracts for the provision of personal care services or facilities pursuant to the National Health Service and Community Care Act 1990 <input type="checkbox"/>
Funding Source	Revenue Budget

Detail required	
Title/Description of Contracted Service/Supply/Project	Instant Road Repair
Name of Successful Contractor	Viatec Ltd
Supplier Registration Number <i>(to be supplied by Corporate Procurement)</i>	05642795

Type of organisation <i>(to be supplied by Corporate Procurement)</i>	Private Limited Company	
Status of Organisation <i>(to be supplied by Corporate Procurement)</i>	Non-SME	
Contract Value	£50,000	Full Project
Contract Duration	12 months	
Contract Start Date	01/02/2020	
Contract End Date	31/01/2021	
Optional Extension Period 1	0	
Optional Extension Period 2	0	
Who will approve each Extension Period?	Choose an item.	
Contact Officer (Name & number)	Shoaib Mohammad	
Lead Service Group	Place	
Reason for CSO Exception <i>(select all that apply)</i>	The need for the goods, services or works is so urgent that the time needed to comply with the rules would be prejudicial to the Council's interests	<input type="checkbox"/>
	Specialist services/supplies which are available only from one supplier. For example, specialist niche consultants or suppliers where there is a sole supplier of patented or proprietary articles, materials or services exclusively provided by a statutory undertaker or other bodies	<input checked="" type="checkbox"/>
	For reasons of compatibility with existing services/products – for example, equipment that needs parts from its own manufacturer	<input checked="" type="checkbox"/>
	Where any of the standing orders are inconsistent with any legislative requirements, in which instance the provisions of the appropriate legislation shall prevail	<input type="checkbox"/>
	Where the Council can demonstrate that an integrated or strategic approach to procurement is being implemented and there is a requirement to align services or contracts to co-terminus end dates	<input type="checkbox"/>
	There are value for money reasons justifying a CSO Exception	<input type="checkbox"/>
	School Governors: in relation to the Local Management of Schools (LMS), where schools have adopted their own standing orders	<input type="checkbox"/>
	The shared legal service, in respect of the appointment of counsel	<input type="checkbox"/>
	Strategic Director of CHSC: contracts for the provision of personal care services or facilities pursuant to the National Health Service and Community Care Act 1990	<input type="checkbox"/>
Funding Source	Revenue Budget	

- (3) Note that prior to the end of the period of time covered by the exception as indicated in 2 above, the Strategic Director will determine whether the service is to be decommissioned or, in consultation with the Corporate Procurement Team, will agree to undertake a compliant procurement process to re-let the contract by the end of the exception period.

EXECUTIVE SUMMARY:

The purpose of this report is to request an exception to Contractual Standing Orders to approve the award of a contract for Construction Services Job Costing System, Road Lineage, Tools & Equipment and Instant Road Repair.

BACKGROUND DOCUMENTS: N/A

KEY DECISION: No

DETAILS:

In preparation for services at Urban Vision (UV) coming back to the council from 1st February 2020, Salford City Council (SCC) has been undertaking a transition programme in preparation to receive and operate the service with minimal disruption.

One of the key parts of the transition programme covers the SCC readiness to run the services effectively and efficiently from 1st February 2020, which includes ensuring we have the relevant procurement strategy in place to receive and operate the service. As such there is a Procurement work stream which is putting the necessary steps in place to have compliant routes to market for all services, materials and contractors required by the service.

There has been a detailed analysis undertaken of the current suppliers to UV and procurement strategy identified in order to ensure the continuity of service and its effective performance post transfer. As such, there is a requirement to procure and manage contracts with third party suppliers, and to procure goods and services as and when they are required to allow for continuity of delivery.

The purpose of this report is to brief the Procurement Board on the planned procurement activity required for the smooth transition of UV, and to apply for an exception to Contractual Standing Orders to maintain some contracts with current providers for a period of time. This will ensure job continuity and maintenance of the supply chain in an interim period in order to allow a more planned and integrated approach to procurement post transfer.

EXCEPTIONS REQUIRED

The above tables outline each of the contracts which an exception is being sought, the value of the contract, the current supplier, the period of time for which the extension is being applied, and the funding stream.

A description of the service and the reasons for applying for each of the exceptions is detailed below;

Construction Services Job Costing System

This service is currently provided by a system called CPA. The system maps costs against jobs raised at the depot, estimated at around 3,000 jobs per annum. The system manages the input of time of operatives, plant and vehicles, contracts and materials into the jobs which then provide costs per job for the purposes of recharging the relevant cost centres within the Council.

The current system has been in place at UV for over 10 years, links to other systems within the Depot, which are transferring back to SCC, and is an important element in the overall running of the Depot. At this stage, in order to bring back the service as is and ensuring continuity of service, and with a view to reviewing the systems once they are in house, an exemption will be required.

Road Lineage

This service is currently provided by K J Lines who have worked with the Depot since before its transfer to UV and therefore have an extremely good and trusted working relationship with the Depot who can call on them to undertake work at very short notice. Currently the contract is let annually, has been benchmarked in 18/19 in terms of cost and value for money and we have explored if this supplier is on any existing frameworks but unfortunately they are not. We envisage that SCC will need a contractor for Road Lineage to be in place by October 19 and given this we are requesting an exemption to procure K J Lines for a 12 month period to ensure continuity of provision.

Depot Tools and Equipment

Tools and equipment for the Depot is currently provided by a company called P F Cusacks. Through discussion with the Depot they have tried and tested a number of companies over the years and have found this company to have the most reliable and best quality equipment. Again, we have explored if this supplier is on any existing frameworks but unfortunately they are not. So to ensure that the service can perform as is and to have the right specification of tools and equipment immediately after transfer we are seeking an exemption for a 12 month period to ensure continuity of service for the depot.

Instant Road Repair

This is a specific material that the Depot uses for small pot hole repair. The Depot has researched and tested a number of suppliers for this material, currently provided by a company called Viatic Ltd, and have found this material to be the most suitable and reliable of the different suppliers. We have explored if this supplier is on any existing frameworks but they are not so to ensure that the Depot can continue to use this specialised material we are seeking an exemption for a 12 month period to ensure continuity of service for the depot immediately post transfer.

The four exemptions requested above will allow for provision of some of the services, materials and equipment necessary to ensure continuity of service

provision with a view to reviewing the arrangements once they have returned in house and either decommission the service or undertaking a compliant procurement process to re-let the contract at the end of the exception period.

KEY COUNCIL POLICIES:

Enhancing Life in Salford, Think Efficiency, Improving the Environment.

EQUALITY IMPACT ASSESSMENT AND IMPLICATIONS:- N/A

ASSESSMENT OF RISK:

Checks have been undertaken to review if the detailed current suppliers are available to commission through existing arrangements/frameworks however, these suppliers are not available through those routes. The risk of not having these suppliers available to UV over the transition period relate to the ability to be able to continue to provide the service, cost jobs and have compatible equipment and supplies in place to allow for a smooth transition.

SOURCE OF FUNDING:

Approved Highways Capital (£9.036m) and Revenue (£2.831m) Budgets 2019/20

LEGAL IMPLICATIONS: Supplied by: Tony Hatton, Principal Solicitor, tel. 219 6323

When commissioning contracts for the procurement of goods, services or the execution of works the Council as a 'contracting authority' must comply with the Public Contract Regulations 2015 (PCR) as well as the provisions of its own Contractual Standing Orders (CSO's), Financial Regulations and the duties of Best and Social value, failing which the award of a contract may be subject to legal challenge.

In exceptional circumstances where CSO's permit, the Council may dispense with strict compliance of its CSO's, and the report sets out the reasons for the request for the exception, in accordance with paragraph 3.1 of CSO's, the namely specialist services/supplies to be provided, an integrated/strategic approach to procurement being implemented with a requirement to align services or contracts to co-terminus end dates, and value for money, to ensure job continuity and maintenance of the supply chain in an interim period in order to allow a more planned and integrated approach to procurement post transfer. Whilst exceptions to CSO's may be authorised by an approval from the Procurement Board, there is still a risk of challenge from aggrieved providers if the usual tender process has not been followed on the basis that it ought to have been advertised and put out to competition.

The risk of challenge increases with the value and duration of any proposed contract being awarded. Here the period proposed is relatively short with a very tight time scale for delivery. To assist in minimising the possibility of successful challenge, the Council is planning a full and comprehensive procurement exercise for a strategic partner and a minor highways framework. The Council is not avoiding full public tender but is introducing interim contractual arrangements to allow time to better prepare for procurement.

FINANCIAL IMPLICATIONS: Supplied by: Alison Woods, Finance Officer, Tel. 925 1335

Date:- 17th June 2019

There are appropriate budgets in place to provide for all of the expenditure associated with the aforementioned contracts for Construction Services (Job Costing System, Road Lineage, Tools & Equipment and Instant Road Repair). This expenditure is presently recovered via the delivery of the Highways Capital and Revenue programme budgets for 2019/20 (£9.036m and £2.831m respectively) and this arrangement will continue to be in place post the transfer of Construction Services back to Salford City Council from 1st February 2020.

PROCUREMENT IMPLICATIONS: Supplied by: The Corporate Procurement Team

This report seeks approval for an exception to Salford City Council's Contractual Standing Orders.

The Council's Procurement Board has the authority to grant a waiver to Contractual Standing Orders, and the reasons for requesting an exception in this instance is outlined in the report.

There are always risks associated with applying an exception to the Council's Contractual Standing Orders and when making such a request, as this could potentially lead to a challenge from an aggrieved supplier if the contract opportunity was not sufficiently advertised in accordance with the Council's Contractual Standing Orders.

The risk of challenge increases with the proposed term and value of the contract. However, because the Council is proposing a short term arrangement, and this is through a 'specialist' provider along with reasons of compatibility, a requirement to align services or contracts to co-terminus end dates and value for money, therefore this risk could be deemed to be low.

The outlined procurement strategy approach allows for the smooth transition of UV back into Salford City Council, on the 1st February 2020. This indicates that the Procurement Board has the power to grant an exception and award the contracts on the grounds indicated in the report.

OTHER DIRECTORATES CONSULTED: N/A

CONTACT OFFICER: Hayley Nixon

TEL. NO. 686 7413

WARD(S)	TO	WHICH	REPORT	RELATE(S):	None
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