

Public Report

Birmingham City Council

Report to Cabinet

Date: 22nd January 2019



Subject: **PLANNED PROCUREMENT ACTIVITIES (MARCH 2019 – MAY 2019)**

Report of: **ASSISTANT DIRECTOR OF COMMISSIONING & PROCUREMENT**

Relevant Cabinet Member: **Councillor Brett O'Reilly, Finance and Resources**

Relevant O &S Chair(s): **Councillor Sir Albert Bore, Resources**

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Are specific wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No – All wards affected
If yes, name(s) of ward(s):		
Is this a key decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, add Forward Plan Reference: 00xxx/2018		
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, provide exempt information paragraph number or reason if confidential :		

1 Executive Summary

- 1.1 This report provides details of the planned procurement activity for the period March 2019 – May 2019. Planned procurement activities reported previously are not repeated in this report.

2 Recommendations

- 2.1 Notes the planned procurement activities under chief officer delegations set out in the Constitution for the period March 2019 – May 2019 as detailed in Appendix 1.

3 Background

- 3.1 At the 1 March 2016 meeting of Council changes to procurement governance were agreed which gives Chief Officers the delegated authority to approve procurement contracts up to the value of £10m over the life of the contract. Where it is likely that the award of a contract will result in staff employed by the Council transferring to the successful contract under TUPE, the contract award decision has to be made by Cabinet.
- 3.2 In line with the Procurement Governance Arrangements that form part of the Council's Constitution, this report acts as the process to consult with and take soundings from Cabinet Members and the Resources Overview & Scrutiny Committee.
- 3.3 This report sets out the planned procurement activity over the next few months where the contract value is between the EU threshold (£181,302) and £10m. This will give members visibility of all procurement activity within these thresholds and the opportunity to identify whether any procurement reports should be brought to Cabinet for approval even though they are below the £10m delegation threshold.
- 3.4 It should be noted that the EU threshold has changed from £164,176 to £181,302 and will apply from 1st January 2019 for a period of 2 years.
- 3.5 Individual procurements may be referred to Cabinet for an executive decision at the request of Cabinet, a Cabinet Member or the Chair of Resources Overview & Scrutiny Committee where there are sensitivities or requirements that necessitate a decision being made by Cabinet.
- 3.6 Procurements below £10m contract value that are not listed on this or subsequent monthly reports can only be delegated to Chief Officers if specific approval is sought from Cabinet. Procurements above £10m contract value will still require an individual report to Cabinet in order for the award decision to be delegated to Chief Officers if appropriate.
- 3.7 A briefing note with details for each item to be procured is listed in Appendix 2. The financial information for each item is detailed in the Private Report.

4 Options considered and Recommended Proposal

- 4.1 The report approved by Council Business Management Committee on 16 February 2016 set out the case for introducing this process. The alternative option is that individual procurements are referred to Cabinet for decision.
- 4.2 To enable Cabinet to identify whether any reports for procurement activities should be brought to this meeting for specific executive decision, otherwise they will be

dealt with under Chief Officer delegations up to the value of £10m, unless TUPE applies to current Council staff.

5 Consultation

5.1 Internal

This report to Cabinet is copied to Cabinet Support Officers and to Resources Overview & Scrutiny Committee and is the process for consulting with relevant cabinet and scrutiny members. At the point of submitting this report Cabinet Members/ Resources Overview & Scrutiny Committee Chair have not indicated that any of the planned procurement activity needs to be brought back to Cabinet for executive decision.

5.2 External

None.

6 Risk Management

6.1 Details of Risk Management, Community Cohesion and Equality Act requirements will be set out in the individual reports

7 Compliance Issues:

7.1 How are the recommended decisions consistent with the City Council's priorities, plans and strategies?

7.1.1 Details of how the contracts listed in Appendix 1 and Appendix 2 support relevant Council policies, plans or strategies, will be set out in the individual reports.

7.2 Legal Implications

7.2.1 Details of all relevant implications will be included in individual reports.

7.3 Financial Implications

7.3.1 Details of how decisions will be carried out within existing finances and resources will be set out in the individual reports.

7.4 Procurement Implications (if required)

7.4.1 This is a procurement report and the implications are detailed in the appendices

7.5 Human Resources Implications (if required)

7.5.1 None.

7.6 Public Sector Equality Duty

7.6.1 Details of Risk Management, Community Cohesion and Equality Act requirements will be set out in the individual reports.

8 Background Documents

8.1 List of Appendices accompanying this Report (if any):

- 1. Appendix 1 - Planned Procurement Activity March 2019 – May 2019
- 2. Appendix 2 – Background Briefing Paper

APPENDIX 1 – PLANNED PROCUREMENT ACTIVITIES (MARCH 2019 – MAY 2019)

Type of Report	Title of Procurement	Ref	Brief Description	Contract Duration	Directorate	Portfolio Finance and Resources Plus	Finance Officer	Contact Name	Planned CO Decision Date
Strategy / Award	Resources to Support Enterprise Resource Planning (ERP) Organisational Readiness and Programme Delivery	TBC	The resource (Service) requirement cover specialist programme resourcing in support of both Organisational Readiness and in flight programme delivery of the system solution covering both Business and IT objectives to be delivered through programme phases over time	22 months	Strategic Services	Deputy Leader	Thomas Myers	David Waddington	29/01/2019
Strategy / Award	Resources to Support ICT Transition, Contract Negotiation and Various Technology Enablement Projects	TBC	There is a requirement to continue the external resource required to support the ICT Transition project. This resource will allow the Council to review existing ICT arrangements with a view to supporting and undertaking these negotiations and the transition, as well as deliver the significant improvements in how the Council uses technology.	28 months	Strategic Services	Deputy Leader	Thomas Myers	David Waddington	29/01/2019
Strategy / Award	Provision of Data to Maximise Business Rates Rateable Value	TBC	The provision of data to generate additional business rates income; maximising revenue for the local authority by identifying new and altered properties onto the Valuation Office rating list. This will assist with improved database quality and accuracy of business rates income in year and increase the business rates rateable value particularly in relation to new and undervalued properties.	4 years	Strategic Services	Deputy Leader	Thomas Myers	Lisa Haycock / Phil Doherty	29/01/2019
Approval to Tender Strategy	Arboriculture Services (Non-Highways)	P0560	The Council has approximately 736,000 trees within its tree stock on land which it is responsible for. Works under this proposed framework agreement (FA) will maintain these trees, as determined by the Council and will ensure that any emergency works are carried out to ensure that the Council adheres to its legal obligations.	5 years	Place	Homes and Neighborhoods	Parmjit Phipps	Andrea Webster	18/02/2019

BRIEFING NOTE ON PLANNED PROCUREMENT ACTIVITIES**CABINET – 22nd JANUARY 2019**

Title of Contract	Resources to Support Enterprise Resource Planning (ERP) Organisational Readiness and Programme Delivery
Briefly describe the service required	<p>The ERP Programme is dependent on a number of Organisational Readiness activities to be completed prior to the award of contract and mobilisation of the ERP System Solution and System Integration Delivery Partner mobilising on site to commence the implementation of the new ERP solution.</p> <p>The resource requirement cover specialist programme resourcing in support of both Organisational Readiness and in flight programme delivery of the system solution covering both Business and IT objectives to be delivered through programme phases over time:</p> <p>The resources required including but not limited to the following areas:</p> <ol style="list-style-type: none"> 1. Programme Directorship 2. Specialist ERP Project & PMO Management / Planning 3. ERP Business & Cultural Change Management 4. Process Analytics / Risk & Controls 5. Data Migration / Data Analytics / BI & MI Reporting 6. IT Project Management 7. IT Enterprise Architecture / Solutions Architecture 8. IT Systems Administration Service Design & Delivery 9. IT Systems Integration 10. Test Management 11. Release Management / Cut Over Management 12. End User Training 13. Organisational Architecture
Is the Council under a statutory duty to provide this service? If not what is the justification for providing it?	There is not a statutory duty to provide this service. On the 18 th September Cabinet approved the Outline Business Case for the replacement of the current SAP ERP solution this included requirements for specialist resourcing to facilitate delivery of this programme not currently available within the Council.
What are the existing arrangements? Is there an existing contract? If so when does that expire?	A low value contract awarded under CO delegations has been procured with Socitm to provide limited interim procurement support to the ERP Programme and concludes in March 2019. Programme Directorship is currently on a short term consultancy contract due to conclude on the 28 th Feb 2019.
What is the proposed procurement route?	<p>Procurement exercises will be undertaken using the following routes as appropriate for each requirement:</p> <ul style="list-style-type: none"> • A further competition exercise using the Crown Commercial Services Data and Application Solutions framework agreement • A procurement process advertised in OJEU, Contracts Finder or www.finditinbirmingham.com
If single /multiple contractor negotiations is proposed, what is the reason for not tendering the requirement, how do we ensure value for money and compliance with the Birmingham Business Charter for Social Responsibility (BBC4SR)?	Not Applicable.
Proposed start date and duration of the new contract	The proposed start date is February 2019 for a period of 22 months.

Title of Contract	Resources to Support ICT Transition, Contract Negotiation and Various Technology Enablement Projects
Briefly describe the service required	<p>There is a requirement to continue the external resource required to support the ICT Transition project that commenced in May 2017. This resource will allow the Council to review existing ICT arrangements with a view to supporting and undertaking these negotiations and the transition, as well as deliver the significant improvements in how the Council uses technology.</p> <p>The resources required include the following areas:</p> <ol style="list-style-type: none"> 1. Legal resource to undertake a forensic analysis of the contract, support the negotiation and inform the transition plans for future arrangements 2. Financial resource to undertake a forensic analysis of costs in the contract, cost modelling, support the negotiation and inform the transition plans to future arrangements 3. Commercial management/lead negotiator for the negotiation phase 4. ICT technical and market knowledge such as enterprise architects, project management and business analysis etc. 5. HR advice on TUPE issues and implications arising from the negotiations and transition. <p>Multiple suppliers will be sourced to provide services to support these requirements.</p>
Is the Council under a statutory duty to provide this service? If not what is the justification for providing it?	There is not a statutory duty to provide this service. The technology the Council uses however, underpins the delivery of the majority if not all Council services. The services to be procured will enhance the Council's ability to manage value for money in the delivery of these services by the provider and enable better ways of working.
What are the existing arrangements? Is there an existing contract? If so when does that expire?	<p>A contract has been competitively procured with Socitm to provide technical and commercial support and was awarded in May 2017. Additional support has been procured under the delegated authority of the Chief Operating Officer that expires in January 2019.</p> <p>The Socitm contract expires in May 2021. The contract was procured through the CSS Framework – Digital Specialists and Outcomes, which allows for additional Statements of Work(s) to be made for the continuation of services.</p>
What is the proposed procurement route?	<p>Procurement exercises will be undertaken using the following routes as appropriate for each requirement:</p> <ul style="list-style-type: none"> • A direct award in accordance with the protocol of the CCS Digital Specialists and Outcomes framework agreement • A further competition exercise using a collaborative framework agreement as identified for requirement • A procurement process advertised in OJEU, Contracts Finder or www.finditinbirmingham.com
If single /multiple contractor negotiations is proposed, what is the reason for not tendering the requirement, how do we ensure value for money and compliance with the Birmingham Business Charter for Social Responsibility (BBC4SR)?	Not Applicable.
Proposed start date and duration of the new contract	The proposed new service will start in February 2019 for a period of up to 28 months.

Title of Contract	Provision of Data to Maximise Business Rates Rateable Value
Briefly describe the service required	<p>The provision of data to generate additional business rates income; maximising revenue for the local authority by identifying new and altered properties onto the Valuation Office rating list.</p> <p>This will assist with improved database quality and accuracy of business rates income in year and increase the business rates rateable value particularly in relation to new and undervalued properties.</p>
Is the Council under a statutory duty to provide this service? If not what is the justification for providing it?	<p>The Council does not have a statutory duty to provide this service. However, the Revenues Service must maximise the size of the Business Rates Rateable Value to increase revenue for the council by identifying new and altered properties onto the rating list, and ensure that all businesses pay the right amount of business rates.</p>
What are the existing arrangements? Is there an existing contract? If so when does that expire?	<p>The Council went out to full tender in October 2017 to deliver approximately £5m of additional rateable value over a four year period. The contract was awarded to Inform CPI Limited and work commenced in January 2018. Due to their success, in excess of the £5m in additional rateable value has been identified within the first 10 months of the contract. In accordance with standing orders relating to contracts under Section 135 Local Government Act 1972, a contract modification has been made to extend the current contract with Inform CPI Limited. The additional expenditure of £0.250m to increase the revenue for the council on the current contract by £3.333m has been approved whilst a further procurement exercise is undertaken.</p>
What is the proposed procurement route?	<p>It is proposed that this service be directly awarded to Inform CPI Ltd via the North East Procurement Organisation's (NEPO) neutral vendor contract with Bloom Ltd. A direct award is permitted under the terms of this contract. Pricing is anticipated to be no worse than under the current contract.</p>
If single /multiple contractor negotiations is proposed, what is the reason for not tendering the requirement, how do we ensure value for money and compliance with the Birmingham Business Charter for Social Responsibility (BBC4SR)?	<p>Not Applicable.</p>
Proposed start date and duration of the new contract	<p>1st March 2019 for a period of up to 4 years.</p>

Title of Contract	Arboriculture Services (non-highways) (P0560)
Briefly describe the service required	The Council has approximately 736,000 trees within its tree stock on land which it is responsible for. Works under this proposed framework agreement (FA) will maintain these trees, as determined by the Council and will ensure that any emergency works are carried out to ensure that the Council adheres to its legal obligations.
Is the Council under a statutory duty to provide this service? If not what is the justification for providing it?	Section 164 of the Public Health Act 1875 gives the Council power to plant and maintain trees on land it is responsible for. The Council must maintain the trees on its land in order to avoid harm being caused to people and property which could result in claims for damages under the laws of negligence or an offence being committed under the Corporate Manslaughter and Corporate Homicide Act 2007. Section 23 of the Local Government (Miscellaneous Provisions) Act 1976 also gives the Council powers to make safe dangerous trees on privately-owned land.
What are the existing arrangements? Is there an existing contract? If so when does that expire?	There is an existing Framework Agreement that is due to expire on 16 th July 2022. By mutual consent the Council & the contractor Idverde Ltd have agreed to the early termination of this Framework Agreement on 31 st December 2019. More details are provided in the private report.
What is the proposed procurement route?	A restricted tender competition is proposed
If single /multiple contractor negotiations is proposed, what is the reason for not tendering the requirement, how do we ensure value for money and compliance with the Birmingham Business Charter for Social Responsibility (BBC4SR)?	Not applicable.
Proposed start date and duration of the new contract	1 st January 2020 with a contract term of 5 years. A 5 year Framework Agreement can be justified as a shorter contract period would inhibit competition as service providers not already having the equipment needed to deliver the service may not be able to obtain sufficient return on their investment