

**REPORT TO:** Business Efficiency Board

**DATE:** 22<sup>nd</sup> May 2013

**REPORTING OFFICER:** Strategic Director – Policy and Resources

**PORTFOLIO:** Resources

**SUBJECT:** BEB Members Scrutiny of Procurement

## **1.0 PURPOSE OF THE REPORT:**

- 1.1 To update the Board on the two EU procurement activities that Board Members have scrutinised during 2012/13.

## **2.0 RECOMMENDATION:**

- 2.1 The board notes the scrutiny activity;
- 2.2 Agrees next steps in terms of the scrutiny role, the groups and selects further procurement activities to scrutinise and report on.

## **3.0 SUPPORTING INFORMATION:**

The Board selected two EU procurement activities to scrutinise. These were:

Tender: Residual Waste (Jimmy Unsworth – Divisional Manager):

BEB Group: Cllr Lowe, Cllr Cole, Cllr Fry, Cllr Plumpton-Walsh, Cllr MacManus and Cllr Wainwright.

This procurement exercise commenced in September 2012. A series of meetings were held pre-procurement for BEB Members in order to receive an overview of the contract, history, background, current arrangements and interim requirements before a possible regional Merseyside contract is in place in 2016. Members explored the current arrangements and the rationale to set up an interim contract until 2016.

This was followed with an overview of the timetable for procurement and the evaluation matrix to be used for the tender exercise. Members explored the EU legal requirements of a procurement process, the use of Mandatory Information Questions (MIQ), how quality was scored, who would assess the Health & Safety element, the use of uplifts and a request that they had sight of the scoring matrix when populated.

In January 2013 the tender exercise closed on the Chest and Standing Orders requires this to be 'opened' by Portfolio Holder or a designated Member. Cllr Wharton undertook this role.

During February the MIQ's were evaluated and this is where the evaluation panel had to seek guidance from the Legal Department in relation to the bid content in the submissions. The procurement officer issued a clarification question via the Chest to all bidders on receipt of these clarifications and one bidder subsequently withdrawing from the process; we made the decision to pass the decision to Executive Board in March in order to seek approval to abandon the process. (Part 2 Item).

The next steps:

Officers are considering the options now open to Halton and one option is to review the specification and go back out to market. If this is the agreed way forward, it would be helpful for Members to select this procurement exercise as its next scrutiny activity in order to see continuity through to contract award.

### 3.2 Bus Routes (Geoff Hazlehurst – Divisional Manager)

BEB Group: Cllr Lloyd-Jones; Cllr Lea; Cllr Roberts, Cllr McDermott and Cllr Ratcliffe.

This procurement exercise commenced in September 2012, a series of meetings were held pre-procurement for BEB Members in order to receive an overview of the contract, history, background, current arrangements and requirements. There was also a supplier day event where Cllr Lloyd-Jones attended.

This was followed with an overview of the timetable for procurement and the evaluation matrix to be used for the tender exercise. Members explored the EU legal requirements of a procurement process, the use of an open procedure, the use of MIQ's rather than a Restricted process with a Pre-Qualification Questionnaire (PQQ) and how it was evaluated and then how the tenders were evaluated in order to award framework contracts.

In January 2013 the tender exercise closed on the Chest and Standing Orders requires this to be 'opened' by the relevant Portfolio Holder. This was Cllr Stockton.

During January the MIQ's were evaluated in order to establish a pass or fail. Then the tenders were evaluated and the BEB group received a briefing on the outcome. The process drew to conclusion with the issue of the Intention to Award letter and subsequent cooling off period – 10 days (EU legal requirement) and the award notice was published in March on the Official Journal European Union (OJEU).

## 4.0 POLICY IMPLICATIONS

4.1 None identified at this stage.

## **5.0 OTHER IMPLICATIONS**

5.1 None identified at this stage.

## **6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

6.1 The Procurement Division is designed to improve procurement practice across the Council to reduce costs associated with procurement but also to realise significant savings from more robust procurement activity. This affects all of the Council's priorities. This scrutiny role adds to the internal safeguarding and audit of procurement activity.

## **7.0 RISK ANALYSIS**

7.1 Given the financial constraints facing the Council in the immediate and medium terms, failure to identify and realise savings from more robust procurement practice may result in financial pressures to the Council not being met. This could result in services being underfunded, with departments unable to meet the costs of staff and other resources required to deliver to the community of Halton. This scrutiny role adds further audit to ensure we keep risk to a minimum.

## **8.0 EQUALITY AND DIVERSITY ISSUES**

8.1 None identified at this stage.

## **9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

9.1 Not Applicable