

Subject: Procurement of a Corporate Office Supplies Contract

Date of Meeting: 10th October 2019

Report of: Executive Director for Finance & Resources

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Ward(s) affected: (All Wards);

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 To seek approval from Policy & Resources Committee for the tender of an Office Supplies contract, to be procured via mini competition under the Procurement for Housing Framework on behalf of the Sussex Stationery Consortium (the "SSC"). The contract will have an initial term of three years, with an option to extend for up to one year. The contract will include the provision of office stationery, office sundries, computer consumables paper, office furniture & cleaning consumables ("Office Supplies").
- 1.2 Brighton & Hove City Council is the lead contracting authority in the consortium and will therefore be leading the procurement process. The total annual spends for the SSC under the existing contract is approximately £273,000 (based on figures for 2018/2019) the council's spend for 2018/19 on these services was approximately £198,000.

2. RECOMMENDATIONS:

That Policy & Resources Committee:

- 2.1 Approves the procurement and award of a contract for the provision of office stationery, office sundries, food and drink sundries, computer consumables, office furniture, cleaning consumables and paper ("Office Supplies") with an initial term of three years and the option to extend by one year (the "Contract").
- 2.2 Grants delegated authority to the Executive Director for Finances & Resources -
- (i) To carry out the procurement of the contract referred to in 2.1 above including the award of the contract; and
 - (ii) To grant the optional extension to the contract referred to in 2.1 of one year should they consider it appropriate at the relevant time.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The Council will lead the procurement process on behalf of the Sussex Stationery Consortium (the "SSC"). Current Membership consists of:
Adur & Worthing Councils
Brighton & Hove City Council
Chichester District Council
East Sussex Fire & Rescue Service
Eastbourne Borough Council
Lewes District Council
South Downs National Park
- 3.2 The SSC was formed 10 years ago as one of the first collaborative contract groups across Sussex. The group consisted of a number of unitary, borough, county, district, parish and town councils, local authorities and other agencies who wished to combine their purchasing power to gain a better working contract for Office Supplies.
- 3.3 The current SSC contract is a contract open to the consortium with one supplier, which has been operational since December 2010. Office Depot is the supplier currently providing these services. The requirements of other consortium members vary and include a mix of stationery and paper, stationery and computer consumables and stationery alone.
- 3.4 The last tender process for Office Supplies ran in 2014 on behalf of 14 consortium members. When the research for this paper was being carried out only 7 of the existing members requested to take part in the new tendering exercise.
- 3.5 The objectives of this procurement exercise are that the Contract will be tendered and bids evaluated in time to award and enter into a new contract prior to the expiry of the current contract arrangement ensuring a seamless continuation of supply
- 3.6 The proposals for the new procurement will allow each consortium member to redirect its resources to procurement of commodities and services that are more strategically critical to the functioning of those authorities areas that involve high risk and high expenditure.
- 3.7 Central Government through the London Centre of Excellence and the National Procurement Strategy has encouraged collaborative working between local Councils, which membership of the SSC achieves.
- 3.8 Food and drinks sundries will be included in the Contract. These are not included in the current contract. However, they are consistently purchased and amount to a BHCC spend of £6,000 per annum. Adding these items to the new Contract would reduce the cost to £4,000 per annum. Between one third and half of the purchases made for beverages are for public engaging services
- 3.9 Opening up the procurement of stationery, office consumables, office furniture, cleaning consumables, facilities supplies via the SSC to the wider market will

assist member authorities and authorities wishing to join the consortium to meet their objectives in line with the following Key Deliverables (KD):

- 3.10 KD1 – Maximisation and Effective use of Resources: stationery, office consumables, office furniture, cleaning consumables, facilities supplies consumables are 'routine' commodities for authorities and consist of low value, low risk items. All member authorities currently procure a large proportion of their stationery and IT office consumables requirements via the SSC contract; as this realises the economies of scale achievable by procuring these products via a partnered agreement. The increase in volume potential for the supplier leads to cheaper unit cost per item for all of the member authorities.
- 3.11 KD2 – Corporate Governance and Compliance; the implementation of a new contract will ensure the public's money is used efficiently. Procurement of these commodities will ensure stationery, office consumables, office furniture, cleaning consumables and facilities supplies are not bought in an ad-hoc basis across the Council, allowing visibility of expenditure.
- 3.12 KD3 - To reduce deliveries to once per week for each council building, this will reduce carbon emissions, encouraging officers to plan ahead and thereby reducing the volume of very small value orders. Any order, other than paper, comes in packaging. Multiple small orders create more packaging than one larger order. Limiting orders by a cost threshold, a weekly delivery, or by ensuring teams order collaboratively would reduce the number of individual packages and deliveries. Reducing deliveries under the current contract could offer a rebate of £7,500 per annum.
- 3.13 KD 4 - To amend the "core list" of items to reflect the changing purchasing habits of the Council has a potential saving of £26,000 per annum. The core list reflects the item officers purchase in order to carry out their roles. This includes pens, paper, notepads, printer consumables and general office consumables.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 The Procurement for Housing (PFH) framework for 'Office Solutions' is the preferred route to market for this procurement. The framework offers 3 suppliers, Banner, Lyreco and Office Depot who have been vetted and evaluated by PFH for a place on the framework. Financial suitability has also been assessed. The PFH framework was procured as a fully OJEU compliant procurement. Accessing this framework means that we are not required to undertake a full OJEU tender process, which saves officer time and resource and ultimately saves the authority money. Template terms and conditions of contract will be provided by PFH that are tailored for this type of contract.
- 4.2 It would not be possible to provide the service in house as we do not have the capacity to source each of the products on an individual basis from manufacturers. We also would not purchase the significant volumes in order to create sufficient economies of scale to purchase directly from suppliers at a maintainable price.

- 4.3 To do nothing is not recommended, as all corporate departments have a requirement for purchasing Office Supplies and, it would therefore not be feasible to allow the current contract to expire with no alternatives in place.

Other procurement options that have been considered:

- 4.4 Call off from the Orbis Stationery framework.
This framework does not include the option for purchasing office furniture; an alternative tendering route would be needed for these purchases. This would result in additional costs. B&HCC acting as lead for the SSC would not be in a position to bulk purchase stationery and furniture together and benefit from economies of scale. It would involve running two procurements and managing two separate contracts there by reducing efficiencies and opportunities for savings.
- 4.5 An online auction, run through the South East Shared Services Portal.
This approach would require issuing a Prior Information Notice in the Official Journal of the European Union alerting suppliers to of our intent to tender for office supplies which takes officer time to complete. A list of goods is published and suppliers bid their lowest price to provide the goods, the e-auctions are run live with suppliers bidding against each other. This procurement approach would take significant officer time as it must be continually monitored during the Auction time.
- 4.6 Open Tender Procedure.
An open procedure would require issuing a Prior Information Notice in the Official Journal of the European Union alerting suppliers to of our intent to tender for office supplies. We would then run a full open tender. This process would take six to nine months and require intensive officer support as the procurement would be open to all suppliers of office stationery across the EU. As a result we would expect a significant number of bids that would need to be evaluated and moderated.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 On the 15th July 2019, this report was taken to the Procurement Advisory Board who recommended that the report be taken to the Policy and Resources Committee for final approval. There were no further comments.
- 5.2 We have undertaken extensive consultation with all consortium members as to what their requirements for the service are, we will be utilising this information to build our specification when we procure. Extensive consultation with end users has also been undertaken and continues with contract management, seeking to reduce our carbon foot print by reducing deliveries and address delivery issues which have been on going due to Office Depot's outsourcing of their delivery arm to Yodel.

6. CONCLUSION

- 6.1 The procurement and award of this contract via a mini competition through the Procurement for Housing Office Supplies Framework will help the Council deliver its priorities to achieve value for money and to provide council officers with the equipment and resources needed to support them in their roles.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 BHCC currently spends in the region of £0.2m on these services and could expect a small savings contribution towards the 2020/21 budget. There is a starting assumption of 5% savings from such procurement processes, and specific cost reduction possibilities are outlined in section 2 of the report

Finance Officer Consulted: Peter Francis

Date: 28/08/19

Legal Implications:

- 7.2 The Council has a duty to secure continuous improvement in the way in which its functions are exercised having regard to a combination of 'economy, efficiency and effectiveness' (known as the duty of best value).
- 7.3 In accordance with Part 4 of the council's Constitution, Policy & Resources Committee is the appropriate decision-making body in respect of the recommendations set out in paragraph 2 above. In addition, in order to comply with CSO 3.1, authority to enter into contracts in excess of £500,000 must be obtained from the relevant committee.
- 7.4 Orbis Public Law officers will advise on the proposed PFH framework agreements, and call off contracts for the provision of Office Supplies during the procurement process to ensure that they comply with all relevant public procurement legislation as well as the council's Contract Standing Orders (CSOs).

Lawyer Consulted: Barbara Hurwood

Date: 10/9/19

Equalities Implications:

- 7.3 The Council's Code of Practice on equalities and Workforce matters is enforced in all procurement and is incorporated within the framework.
- 7.4 To ensure that there are no equalities implications a delivery to desk service will need to be maintained. This can either be in the form of a direct desk to delivery service provided by the supplier's couriers or the delivery of stationery to a central location that can either be collected by officers or delivered to their desk by the premises team. The delivery to a central point is only available if post room or premises staff receives delivery of the orders from the courier and then dispatch them to teams across the building.

Sustainability Implications:

- 7.5 Sustainability issues will be addressed in the procurement specification documents. The new contract will contain the following sustainable efficiency requirements:
- 7.6 All paper products on the core list must have a minimum 75% content of recycled pulp and preferably 100%.
- 7.7 All paper products must originate from sustainable sources; this is defined as not from a temperate rainforest or monoculture plantations. The Council reserves the right to inspect any mill as necessary. Brighton & Hove City Council has a responsibility to ensure that the procurement of Timber and Wood Derived Products is not at the expense of the future of the world's forests but positively supports responsible forest management.
- 7.8 To achieve this aim Brighton & Hove City Council will only purchase timber and wood derived products that are either;
- From independently verifiable legal and sustainable or FLEGT licensed or equivalent sources, or
 - Recycled timber or wood derived products
- 7.9 The Council will ask that the successful contractor provides the following information in relation to the contract:
- FSC/PEFC Certified Suppliers should submit copies of relevant FSC/PEFC accreditation.
 - A monitoring form which requires details relating to the sourcing of paper based products will need to be completed on a quarterly basis and this will be sent to the successful contractor for completion and submission to the contract manager.
 - Where the contractor is directly providing timber or wood derived products to the Council they will also be required to detail the chain of custody certification numbers on invoices for the relevant products supplied. These invoices will be monitored on a regular basis and in cases of missing details a request will for additional information will be made.
- 7.10 The contractor will be required to proactively support local supply initiatives where practicable.
- 7.11 The contractor will be required to sponsor/support generic recycling initiatives.
- 7.12 The contractor will be required to report carbon impact as a result of the delivery of the service, and shall also be required to work with the Council to reduce/negate any carbon impact including targets made towards transportation.
- 7.13 The contractor will be required to work with the Council to reduce packaging of products and deliveries.
- 7.14 The contractor will be required to keep its staff and the Council up to date with environmental activities relating to the Contract.
- 7.15 The contractor will be requested to restrict deliveries to once per week. This should reduce the carbon emissions from vehicles. It will also mean officers place fewer but of higher value orders, reducing packaging.

- 7.16 The contractor will be required to commit to lowering the supply of Single Use Plastics. They will be asked to provide alternative purchasing options for disposable plastic food and beverage vessels by either offering compostable crockery or by offering discounted ceramic crockery.

Modern Slavery Implications:

- 7.17 The procurement of this contract will allow us to stipulate in the specification that we request evidence of fair employment practices in the distribution centres and couriers delivering the goods. Including but not limited to non-discrimination policies, adherence to working time directives and evidence of monitoring good recruitment practices.

Social Value Implications:

- 7.18 The social value implications are set out above and relate to mainly environmental improvements which can be delivered through the contract

Any Other Significant Implications:

- 7.19 Crime & Disorder Implications:

There are no direct implications in respect of the prevention of crime and disorder within this report.

- 7.20 Risk and Opportunity Management Implications:

Full risk assessments will be undertaken by the successful contractor in conjunction with each individual contract manager. Key risks identified will need to be dealt with and regularly reviewed and updated by the respective parties.

- 7.21 Public Health Implications:

None.

- 7.22 Corporate / Citywide Implications:

The tendering of this contract will achieve value for money and obtain professional, properly defined and costed propositions and solutions for Office Supplies for all corporate departments.

SUPPORTING DOCUMENTATION

None

