

CONTRACT STANDING ORDERS – AGGREGATION

EXECUTIVE MEMBER: Councillor Ms E Woodburn Leader
LEAD OFFICER: Mrs S Bamforth, Head of Finance and Business Development
REPORT AUTHOR: Mr C A Lloyd, Business Development Manager; Janice Carrol, Waste Services Manager

Summary and Recommendation:

This report seeks Executive approval to waive Contract Standing Order 3 in respect of aggregation for purchase of IT hardware and recycling skips

1. INTRODUCTION

- 1.1. This report deals with the application of Contract Standing orders, and in this respect the following are relevant:
- CSO 6 – Relates to Contracts estimated to have a value of more than £50,000 and any other case where Executive determines.
 - 5.5.1/2. There is a requirement for select or ad hoc lists drawn up in accordance with Contract Standing Order 7 or 8, to ensure an appropriate degree of competition (also requires advertising).
 - CSO 3 Aggregation
 - 3.1 Contracts shall be aggregated as follows to estimate their value:
 - 3.1.2 Contracts for the supply of the same type of goods, services or works to fulfil the same requirement over a continuous period of time shall be aggregated.
- 1.2. As part of the Creditors Audit 2006/7 testing on the aggregation of orders has identified the following:-
- I T consumables: for example computers, laptops, hubs, memory sticks; general hardware: are purchased at various intervals during the year.
 - I T always obtain three quotations for the products and accept the cheapest/best value for money..

- Although each purchase was individually below the £10,000 threshold level for application of CSO's, the total of all the purchases made from the same supplier (consistently offering best value for money) has amounted to some £59,000 in 2006/07.
 - Through aggregation, this brings the value into the category where the supply should be advertised if there is no Consortium supplier.
- 1.3 As part of the same audit it was identified payments to a particular recycling container provider totalled £101,978. The payments were for the purchase of large recycling banks. 3 quotes had been obtained the previous year, when there was a successful capital bid for plastic and cardboard recycling banks. At the time, it was a one-off purchase and the section did not think they would be buying any more. Subsequently the section gained funding for more through the Cumbria Waste Partnership and, knowing that the price they'd had was the cheapest and the banks were of good quality, they had continued to order from the same company without realizing the effect of the cumulative purchases.

2. CONCLUSIONS

- 2.1. These actions were not intentional. In both cases it was not known at the outset of the year which suppliers would be providing the goods, and that one supplier would consistently be cheapest. As the market is generally fairly volatile, better value for money is obtained by researching the market each time a purchase is necessary, rather than awarding the contract to a single supplier at the beginning of the year.
- 2.2. In order to regularise the position, Executive is asked to agree to waive Contract Standing Order 3 in respect of this aggregation occurring for IT hardware.
- 2.3. In respect of the IT equipment through the Effective Procurement in Cumbria Initiative and the IDeA Marketplace Quickstart, the procurement can in future be directed through a consortium approach in compliance with CSO 4.13, which should avoid a recurrence of this aggregation.
- 2.4. In respect of the recycling containers it is not anticipated at this time that any further external funds will be made available to purchase more. If however the team are successful in securing more funds then a full tender exercise will be conducted.

3. FINANCIAL AND HUMAN RESOURCES IMPLICATIONS (INCLUDING SOURCES OF FINANCE)

- 3.1. None

4. PROJECT AND RISK MANAGEMENT

4.1. There are no project and risk management issues at this stage.

5. IMPACT ON CORPORATE PLAN

5.1. None

List of Appendices

None

List of Background Documents: EPiC, IDeA Marketplace, Purchasing files, correspondence

List of Consultees: Portfolio Holder, Corporate Team.

CHECKLIST FOR DEALING WITH KEY ISSUES

Please confirm against the issue if the key issues below have been addressed. This can be by either a short narrative or quoting the paragraph number in the report in which it has been covered.

Impact on Crime and Disorder	No issues
Impact on Sustainability	No issues
Impact on Rural Proofing	No issues
Health and Safety Implications	No issues
Impact on Equality and Diversity Issues	No issues
Children and Young Persons Implications	No issues
Human Rights Act Implications	No issues

Please say if this report will require the making of a Key Decision No.