

Report for: Cabinet – 19th January 2021

 07/01/21

Title: Renewal of a Dynamic Purchasing System for Parks and Leisure Categories.

Report authorised by: Stephen McDonnell - Director, Environment and Neighbourhoods

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Ward(s) affected: All

**Report for Key/
Non Key Decision: Key Decision**

1. Describe the issue under consideration

- 1.1. To deliver its annual work programme the Parks and Leisure Service needs to have in place robust procurement arrangements. This is important to ensure: services are procured in a complaint manner; the council is receiving value for money; and as much work as possible can be undertaken within the limited budget.
- 1.2. The Parks and Leisure DPS is in essence an approved list of suppliers who are registered on a categorised computerised system through which suppliers are offered the opportunity to bid against other suppliers for the work on offer. The Parks and Leisure DPS is used to procure the following types of works:-
 - Maintenance works – Playground improvements, hard and soft landscaping, tree maintenance works, sports courts, and other environmental improvements.
 - Supplies - Park furniture, fertilisers, machinery, chemicals, trees, plants, tools etc.
 - Training and Coaching – Sports coaching, training for Friends Groups
 - Volunteering – environmental volunteering in parks, woodlands and nature reserves.
- 1.3. In a normal year 375 procurements are undertaken through the Parks and Leisure DPS, 98% of which is awarded to SME's at a rate 19% below the average market rate. The original Parks and Leisure DPS was awarded for a period of four years to support the Council's requirements at a total estimated

combined value of £5.7m. The DPS expired on the 20th June 2020 and was extended as permitted under the regulations for a period of six months and will expire on the 15th December 2020.

- 1.4. The proposal is to renew the DPS, for Parks and Leisure for a period of seven years from the 29th January 2021.
- 1.5. The Council currently spends on average £2m per year on these services, however this is expected to grow over the coming years in response to an increase in capital budget provision and external funding opportunities.
- 1.6. In October 2019 the Cabinet agreed an approach to Community Wealth Building that identifies procurement and insourcing as two of the levers the council has “to make sure that every public pound delivers maximum public good and wherever possible builds the prosperity of local people and businesses as it travels through the local economy”. Therefore, in renewing the DPS there will be a specific focus on growing the number of local companies able to deliver works that the councils procures through the DPS.
- 1.7. The renewal of this DPS will support the policy position of the Council to implement measures to pay LLW across all suppliers.
- 1.8. The renewal of the Parks and Leisure DPS will therefore provide a new impetus to ensure all suppliers are paying London Living Wage and to develop the supplier base further within Haringey and to increase the opportunity for more of Haringey’s spend to remain in Haringey. One of the important features of a DPS is that suppliers can join at any point therefore it allows the council to grow the Haringey supplier base year on year and for local suppliers to expand to respond to a regular flow of work through the DPS.

2. Cabinet Member Introduction

- 2.1. The DPS is an essential tool for providing local businesses and SMEs easy access to Council contracts. Haringey is recognised as a leader in this field, having the largest portfolio of DPS categories in local government with over £100m p.a. of spend going through them.
- 2.2. The DPS was a fundamental component of the Council being awarded the Federation of Small Business ‘Best Small Business Friendly Procurement Department’ in 2019.
- 2.3. More than 98% of DPS expenditure in the Parks and Leisure categories is with SMEs. Renewing the DPS in these categories will provide additional opportunities to our local companies to extend their services offered to the council and help support the Community Wealth Building agenda. It will also ensure that those suppliers working for the council pay their employees at least the London Living Wage.
- 2.4. During these very challenging times and with Parks and Leisure services providing key benefits in the struggle against Covid 19, we need to maximise

opportunities for local businesses in these sectors to continue to survive, with minimal disruption to the sector. Continuing to utilise a DPS as recommended in this report, will avoid the need for our suppliers to go through an elongated and protracted procurement process.

- 2.5. I therefore endorse the recommendations in this report to renew the DPS in these categories.

3. Recommendations

That Cabinet approves:

- 3.1. Pursuant to CSO 9.04.1 (a Dynamic Purchasing System (DPS) may be used to carry out procurements in accordance with Regulation 34 of the Public Contract Regulations) and CSO 9.07.1 e) (The award of any contract valued £500,000 (five hundred thousand pounds) or more is a 'key decision') to renew the DPS for Parks and Leisure for a period of seven years from 29th January 2021.
- 3.2. That Cabinet awards a DPS for the Parks and Leisure provision in the value of £20m over the seven-year term.

4. Reasons for decision

- 4.1. The Dynamic Purchasing System (DPS) is a supplier e-sourcing tool and a compliant route to market under the Public Contract Regulations, which enables suppliers to enrol, accredit and be approved to bid for Council contracts.
- 4.2. The Council's overall spend for Parks and Leisure over the past financial year was in the region of £2.4m. Renewing these DPSs will not incur any additional license fees, as the Council already holds an enterprise license.
- 4.3. The DPS provides a compliant route to market for Parks and Leisure, which ensures transparency in the procurement process, equal treatment of suppliers and ensures that the requirements of both the Public Contract Regulations 2015 and the Council's Contract Standing Orders (CSO) can be met.
- 4.4. The use of the existing DPS represents good value for money for the commissioning of these services. The DPS has enabled the service to commission works 19.06% below the average market rate for the service.
- 4.5. Purchasing outside of a DPS would require a resource intensive approach, whereby each requirement would be commissioned separately and would require suppliers to go through the accreditation checks for each opportunity. Previously framework agreements were used but these excluded many local SMEs from meeting the criteria to qualify under a framework. In addition, a framework does not allow for suppliers to join at any time and prevents new

start-ups and entrants from accessing Council contracts during the term of the framework.

- 4.6. A DPS is beneficial in that; it enables supply chain expansion as suppliers can join at any time during its lifetime, unlike a traditional framework where only suppliers at inception remain within it until expiry. This means that the supply chain can be renewed and replenished throughout its term, which lends itself to more competition and therefore better value for the Council and its users.
- 4.7. The DPS is an efficient route to market for both the Council and the supply chain; importantly it enables access to Council opportunities for SMEs. Of the £2.4m of expenditure across the Park and Leisure category in 2019/20, 98% was spent with SMEs (65% in London (26% North London) and a further 9% of which was in borough). In addition, our top three suppliers, by spend, although not based in the borough employ staff who live in the borough and buy materials from suppliers based in Haringey. Once suppliers are accredited, they can apply for multiple contract opportunities and do not need to undertake separate tender processes for the services they are accredited for. This is particularly important, as resource intensive tender processes may duplicate effort and are often barriers to entry for small and medium sized enterprises. Therefore, the DPS is seen as the best route for the Council to grow the Haringey supplier base within these categories.
- 4.8. A DPS enables the Council, to undertake time efficient tender processes, which facilitates speed of award and service delivery. We currently undertake around 375 individual procurements each year in these categories. The DPS streamlines the Council's procurement/commissioning, contract management and finance processes, which can be undertaken under the one system.
- 4.9. Importantly, renewing the DPS will have minimal impact on the existing supply chain as suppliers will only need to confirm there is no change in their qualification status except for their financial standing, which will be reviewed again. This will provide Officers an opportunity to devise any additional questions and amend the category structure to further support emergent purchasing strategies over the coming years.
- 4.10. Moreover, awarding this DPS aligns with agreed procurement & commissioning strategies, including payment of LLW and allow more SME's to join the DPS.
- 4.11. Strategic Procurement will support the replenishment of the Parks and Leisure supply chain by stimulating the market by conducting suitable market engagements to identify, enrol and accredit suitable economic operators through the renewal process in time for commencement on 29th January 2021.

5. Alternative options considered

- 5.1. Do Nothing - This option would require the Council to seek alternate procurement arrangements incurring significant additional costs and resource effort to facilitate procuring over 375 requirements per year, each needing the supplier to re-present accreditation requirements, that will then need to be evaluated.
- 5.2. Establish a framework for Parks and Leisure – this option was discounted in preference to the use of a DPS for commissioning these services. This is primarily due to the restrictions applied to the duration of a framework and the limitation of suppliers only being able to be admitted at the point of establishment of the framework. In comparison to a framework, a DPS enables an unlimited number of suppliers to join at any time; provided they meet the accreditation and enrolment criteria. The call off process from a framework is much more administratively intensive than that of a DPS.

6. Background Information

- 6.1. Haringey operates the largest portfolio of DPS within local government with an estimated spend of circa £100m p.a. and has a dedicated DPS team that is well placed to support the Council, maximising the potential of a DPS.
- 6.2. The DPS has been designed to be “SME friendly” and promote local community wealth building. Suppliers can join the DPS at any time during its term, provided they meet the accreditation and enrolment criteria.
- 6.3. Each supplier must maintain their accreditation status throughout the duration of the DPS. This is monitored by the Parks and Leisure and DPS team, where a supplier fails to maintain the accreditation (i.e. insurances, health, and safety certificates etc.) they are suspended until such time they have rectified the failures.
- 6.4. The use of the DPS system has delivered good value for money for the council over the term. The use of the existing DPS has enabled the Parks and Leisure services to be commissioned 19.06% below the average market rate of all offers submitted (excluding those rejected). Overall, this has meant the service has been able to complete more work than otherwise would have been achievable using a different route to market. A breakdown by category reveals where the best value for money is being achieved:-
 - Hard and soft landscaping – 7.6%
 - Horticultural supply – 1.94%
 - Play maintenance – 18.89%
 - Tree maintenance planned – 18.95%
 - Tree maintenance reactive – 23.69%

- 6.5. The day to day contract management of the suppliers and the services they provide are managed within the Parks and Leisure Service area.
- 6.6. Significant efficiencies are achieved using the DPS each year (based on statistics supplied by *Adam* HTT, our DPS service provider), these are estimated to be:
- Procurement: 50%= saving of 286 hrs
 - Finance: 85% (presuming all functionality within SProc.net is used) = saving of 1455 hrs
 - Contract Management: 70% = saving of 330 hrs
 - Hours Per Annum Saved = 2071
- 6.7. The Council holds an enterprise license to cover most of its DPSs; therefore, there is no additional license costs for renewing this DPS. The DPS technology system and managed services are provided by *Adam* HTT Limited. There will be a small one-off cost of the work to re-establish the DPS which will be met within the services existing revenue budget.
- 6.8. The Cabinet have introduced a requirement to pay LLW within all new contracts let through the DPS. The renewal of Parks and Leisure DPS will enable this requirement to be introduced on Parks and Leisure Contracts from its implementation date of 29th January 2021.
- 6.9. Over the last four and half years a total of £6.84m has been spent via the Parks and Leisure DPS the following breakdown of spend provides detail of how this money has been spent.
- Type of work – maintenance – net total spend £5,377,714 – description of spend: Hard and Soft Landscape Maintenance Works, Tree maintenance works, Play Area Improvements, Outdoor Gyms, Sports Court Improvement Works, Drainage, and other environmental improvement works.
- Type of work – supplies – net total spend £899,866 – description of spend - Park Furniture, Fertilisers, Machinery, Chemicals, trees, plants, tools etc.
- Type of work – training/coaching – net total spend £204,384 – description of spend - Sports Coaching and Volunteer Training
- Type of work – volunteering – net total spend £353,302 – description of spend - Provision of Nature Conservation volunteering in borough and other projects
- Grand total £6,835,268
- 6.10. Of the £2.4m of expenditure across the Park and Leisure category in 2019/20, 98% was spent with SMEs (65% in London of which 26% was in North London, and a further 9% of which was in borough). Whilst the figure for Haringey is lower than it could be it should be noted that whilst companies may not have their registered address in Haringey, residents may still be

benefitting by being employed by these companies. Our top three suppliers, by spend, although not based in the borough employ staff who live in the borough and buy materials from suppliers based in Haringey.

- 6.11. Growing the Haringey supplier base is something that can be done throughout the seven-year term of the proposed Parks and Leisure DPS, because companies can join at any time. Following the introduction of the Community Wealth Building approach work has already commenced on identifying other suitable Haringey based companies who will be encouraged to enrol in the DPS. There will of course be some areas of supply where the products simply are not available within Haringey and will need to be sourced from further afield.

7. Contribution to strategic outcomes

7.1. The introduction of the DPS will support a number of Corporate Priorities:

- Creating a suite of procurement tools to support development, growth, and regeneration in the borough.
- Alignment with the Council's Procurement Strategy.
- Promotion of Social Value Act through the suite of contracts contained within the procurements.
- Promotion of SME engagement across London.
- Promoting localism and community wealth building across the borough and London.
- Payment of London Living Wage, use of local labour and promotion of apprenticeships.
- Efficiency gains through the use of collaborative procurement with other local authorities and public sector organisations.

8. Statutory Officers Comments

Finance

8.1. This report seeks Cabinet approval to renew the Dynamic Purchasing System (DPS) procurement sourcing tools for the provision of the Council's Parks and Leisure requirements. The award is for a DPS facility of an estimated £20m covering the period over a seven-year term from 21st December 2020. The renewal of the DPS does not incur any expenditure nor give rise to a commitment to incur expenditure. It is only at the point of placing orders that expenditure is incurred.

8.2. The Council holds an enterprise license to cover most of its DPSs, therefore, there is no additional license costs for renewing this DPS. The DPS technology system and managed services are provided by Adam HTT

Limited. There will be an estimated cost of £20k to re-establish this DPS which will be met within Parks & Leisure's existing revenue resources.

Strategic Procurement

- 8.3. Strategic Procurement is fully supportive of the recommendation to re-establish a Dynamic Purchasing System (DPS) for the Parks and Leisure services for the reasons stated in this report.
- 8.4. Strategic procurement can confirm the establishment of the DPS is in accordance with Contract Standing Order 9.04.1 a) and Regulation 34 of the Public Contracts Regulation.
- 8.5. The establishment of this DPS will enable the Council to contribute to the delivery of several its priorities including the payment of London Living Wage, supporting SME's and is in keeping with the Council Procurement Strategy.

Legal

- 8.6. The Head of Legal and Governance (Monitoring Officer) has been consulted in the preparation of the report.
- 8.7. Strategic Procurement have confirmed the establishment of the DPS is in accordance with Contract Standing Order 9.04.1 and Regulation 34 of the Public Contracts Regulations 2015. This will ensure compliance with the relevant legislation.
- 8.8. The Head of Legal and Governance (Monitoring Officer) sees no legal reasons preventing Cabinet from approving the recommendations in the report.

Equality

- 8.9. The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:
 - Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act
 - Advance equality of opportunity between people who share those protected characteristics and people who do not
 - Foster good relations between people who share those characteristics and people who do not.
- 8.10. The three parts of the duty applies to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race,

religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.

- 8.11. The proposed decision is to renew the Dynamic Purchasing System (DPS) sourcing tools for the provision of the Council's Parks and Leisure requirements. The DPS ensures transparency and equality in the procurement process and ensures that suppliers who share protected characteristics can access opportunities for Council contracts in a fair way that is free from any discrimination. It also facilitates access to Council contracts for local SMEs, which are more likely to be owned, operated, and staffed by BAME people than larger companies based elsewhere in London or the UK. As such, the proposed decision represents a measure that may increase economic opportunity for people who share the protected characteristics.

9. Use of Appendices

None

10. Local Government (Access to Information) Act 1985

No supporting documents required.