



Haringey Council

Agenda item:

[No.]

Cabinet Procurement Committee **On 15th September 2009**

Report Title. Approval of Framework Agreements for Supply of IT Hardware

Report authorised by **Julie Parker, Director of Corporate Resources**
Signed *J. Parker* 7/9/09

Contact Officer : David Hatley Tel: 020 8489 3245

Wards(s) affected: **None**

Report for: **Non-Key Decision**

1. Purpose of the report
1.1 To seek Cabinet Procurement Committee approval for a general procurement approach under which IT Services (on behalf of the Council including schools) would use framework agreements set-up by Buying Solutions and the Eastern Shires Procurement Organisation (ESPO) to procure the supply of IT hardware up to circa mid 2010. By that time a report will be taken to Cabinet Procurement Committee for consideration and approval in going forward with future procurement arrangements for IT Hardware.

2. Introduction by Cabinet Member
2.1 I concur with the recommendations of the report.

3. State link(s) with Council Plan Priorities and actions and /or other Strategies:
3.1 Making use of framework agreements will link to the category management strategy and will contribute to the council priorities specifically:

Priority 5: Delivering excellent, customer focused, cost effective services.

4. Recommendation

4.1 It is recommended that Members approve as a general procurement approach for purchasing IT hardware up until circa mid 2010 that IT Services (on behalf of the Council including schools) use framework agreements set up by Buying Solutions and the Eastern Shires Procurement Organisation (ESPO) where this provides overall best value for money.

5. Reason for recommendation(s)

5.1 The recent introduction of Category Management across the Council, that facilitates a single view of consolidated spend through reporting, has identified a level of aggregate spend on IT hardware via framework agreements set up by other public bodies. This level of retrospective spend requires us to regularise arrangements under the Council's Contract Standing Orders (CSO's) and request approval from Cabinet Procurement Committee to continue our procurement approach of using Framework Agreements set up by other public bodies for procuring the Council's IT Hardware requirements until circa mid 2010. It is proposed to continue using the Buying Solutions framework and also to start using the Eastern Shires Procurement Organisation's (ESPO) framework for this purpose over this period.

5.2 The total purchasing spend identified under the Council's Category Management reporting system was £320,000 for the 2008-09 financial year. The majority of this IT Hardware spend has been organised under mini competitions through Framework Agreements with the Office of Government Commerce (now rebranded as Buying Solutions).

5.3 To meet the Council's future IT Hardware requirements IT Services anticipate spending a further £150,000 - £250,000 (not including schools) up to circa mid 2010.

5.4 However, Schools and Education purchasing has traditionally been managed separately from IT Services. For this reason it is difficult to predict school spend on IT hardware for the next 12 months.

5.5 Having a choice of framework agreements will enable IT Services to compare and obtain value for money from comparing prices and service delivery standards across the various framework agreements open to Local Government. Framework Agreements work in two ways; a direct call-off from a supplier's product price list, or a call for a mini-competition from suppliers listed under the agreement against a client specification. A contract is formed with the chosen supplier(s) on the terms and conditions contained within the framework agreement.

5.6 IT Services will conduct either a direct call-off or undertake a mini competition as deemed necessary by the appropriate framework protocols and will then enter into a contract for the specified IT hardware requirements called off.

5.7 When the Council is ready to award a contract under a framework agreement, appropriate approval from Cabinet Procurement Committee or a Director will be obtained in accordance with the value thresholds set-out in CSOs.

5.8 Buying Solutions is a sub-division of the Office of Government Commerce (OGC) which is a central government department with a remit to enable value for money and increased efficiency regarding public sector procurement. The OGC achieve these objectives by setting up a range of framework agreements covering goods, services and consultancy. These agreements are all awarded following full compliance with European Union Procurement Directives. Public sector organisations can access these agreements by following the protocols set out by OGC for each framework agreement. ESPO is a joint Committee of Local Authorities and operates within the Local Government (Goods & Services) Act 1970. ESPO has framework arrangements for IT hardware which are open to all public sector organisations.

5.9 IT Services will present a report circa mid 2010 to the Procurement Committee for consideration and approval in going forward with future procurement arrangements for IT Hardware.

6. Other options considered

6.1 Not applicable at this stage as framework agreements provide a value for money route to sourcing the Council's IT hardware requirements. Over the next 12 months an IT Procurement Plan will be developed in-line with the new IT Strategy. However, during this period as and when other options become applicable (for example IT e-auctions) these will be considered and utilised as appropriate.

7. Summary

7.1 IT Services will use framework agreements for the supply of IT hardware.

8. Chief Financial Officer Comments

8.1 The Chief Financial Officer has been consulted on the contents of this report.

8.2 The rationale behind the timeframe (circa mid 2010) for the proposed procurement of IT hardware outlined in this report is that the IT business unit are just beginning to pull together a new IT procurement strategy ahead of the expiry of a number of key contracts over the period 2009/10 & 2010/11. This strategy will inform future procurement of all IT goods/services of which hardware is one. The proposed use of OGC and ESPO

frameworks allow the Council to access the benefits from these agreed contracts as outlined in section 13.2 until the strategy is finalised when officers will have a clearer view on whether to continue with these frameworks or follow an alternative procurement process. This appears to be a sensible approach for the Council.

9. Head of Legal Services Comments

9.1 The report is recommending the approval of a general procurement approach of using of framework agreements set up by Buying Solutions (a sub-department of the Office for Government Commerce) and the Eastern Shires Purchasing Organisation (ESPO), a consortium of local authorities for sourcing provision of IT hardware until mid-2010. Each of these bodies has the status of a central purchasing body ("CPB") as defined under the Public Contract Regulations 2006 ("PCR"). Reg. 22 of the PCR allows local authorities to buy goods or services through a CPB. Once the CPB's procurement arrangements are compliant with EU requirements, a purchase by the local authority through the CPB is also deemed EU compliant.

9.2 Buying Solutions frameworks are widely accepted to be EU compliant and ESPO has set up a framework agreement using a tendering process which it has certified as EU compliant. The award by the Council of call off contracts under these frameworks is therefore EU compliant as they would be procurements through a CPB using an EU compliant procedure.

9.3 Under Contract Standing Order 6.09(b), where the Council procures goods or services by selecting a contractor from a framework set up by a public sector body in accordance with EU rules, CSO do not apply except that the contract award must still be made in accordance with usual CSO award procedures.

9.4 Provided call offs under the Buying Solutions and ESPO frameworks are done consistently with the protocols set up under these frameworks and on a best value basis, there are no legal reasons preventing use of this procurement approach.

9.5 The Head of Legal Services confirms that there are no legal reasons preventing Members from approving the recommendation in paragraph 4 of this report.

10. Head of Procurement Comments

10.1 This report to Members is seeking to regularise existing sourcing arrangements but for a higher spend value than originally anticipated.

10.2 The Buying Solutions and ESPO Framework Agreements are EC compliant and regarded as best value routes to those selected IT Hardware suppliers.

10.3 The existing IT Frameworks with Buying Solutions are due to be re-let later in

2009/10 and by approving continued use until circa mid 2010, the Council will be able to consider its options and against the new arrangements once these are known.

10.4 The recommendations to Members are therefore in the Councils overall best interests and provide best value.

11. Equalities and Community Cohesion Comments

11.1 This report deals with general frameworks for procurement of IT hardware. At the stage when specific requirements for IT hardware are made, equalities comments will be provided focusing on accessibility and usability which are the key equalities issues in procurement of IT solutions. Until then, the Equalities Team makes no specific comments.

12. Consultation

12.1 Not applicable.

13. Service Financial Comments

13.1 Under the remit of IT Services the Council's spend on IT Hardware up to circa mid 2010 is forecasted to be between £150,000 - £250,000 . This forecast will increase if school spend on IT Hardware is included. As the total consolidated spend on IT Hardware has only recently been identified through Category Management the intention is to ensure all future spend is via framework agreements that represent best value and are legally compliant with EU Procurement Directives.

13.2 Best value is achieved through the use of IT Framework Agreements because:

- the framework agreements are pre-tendered and are legally fully compliant with EU Procurement Directives
- they provide the Council with direct access to quality assured suppliers thus saving the Council valuable time, resources and money
- suppliers on the framework agreements have been pre-vetted for quality
- under certain agreements direct purchases can be made from price schedules agreed under competition
- for larger volume purchases mini competitions can also be held between preferred suppliers to promote further competitiveness

13.3 Purchase Orders against these framework agreements will be controlled through a separation of duties and authority. No purchase order will be placed without approval by the relevant Officer/Manager.

14. Use of appendices /Tables and photographs

14.1 Not applicable.

15. Local Government (Access to Information) Act 1985

15.1 Not applicable.