

## **Cabinet**

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**Date of Meeting:** 10 September 2019

**Report Title:** Managed Provision for Consultancy

**Portfolio Holder:** Cllr Amanda Stott –Finance, IT and Communication

**Senior Officer:** Alex Thompson – Director of Finance and Customer Services

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### **1. Report Summary**

- 1.1.Consultancy is a professional practice that provides expert advice within a particular field. Consultants and consultancy firms are the common terms used with regards to experienced professionals in a specific field who provide wide knowledge on a particular subject matter for time limited specific pieces of work.
- 1.2.The Council use consultants where expert knowledge and capability is required for a short term piece of work which is not available in-house and would be expensive or inappropriate to retain on a permanent basis. Recent examples of where the Council have used consultants include the petitioning process for HS2 and the B4B programme.
- 1.3.The purpose of this report is to seek approval to award a new contract to Bloom Procurement Services Limited (via a North East Purchasing Organisation (NEPO) Framework) for the provision of a Vendor Neutral Managed Service to source and provide consultancy requirements/services where appropriate or required over the next 4 years with 2 x 24 month options to extend.

### **2. Recommendation**

That Cabinet

- 2.1.Delegate authority to the Executive Director of Corporate Services, in consultation with the Portfolio Holder for Finance, ICT and Communications, to award a call off contract under the NEPO framework agreement to Bloom

Procurement Services Ltd for a period of 4 years with 2 x 24 month options to extend.

### **3. Reasons for Recommendation**

3.1. The council has an ongoing requirement for specialist professional services (SPS) to assist in the delivery of a number of projects e.g. those relating to construction, regeneration and ICT. Such professionals bring a wealth of expert advice, knowledge and capability which may not be available in-house. Furthermore it would be expensive and/or inappropriate to retain these experts on a permanent basis as it is unlikely that they would be fully occupied.

3.2. Bloom Procurement Services Ltd provide a vendor neutral solution and act as a single point interface between Cheshire East Council and the supply chain for these services. The service provided by Bloom delivers many benefits to the Council, for example:

- 3.2.1. Management of the consultancy firms on behalf of the Council
- 3.2.2. Reduction in overall spend as result of an explicit demand management process and system. (Between 10-20% can be saved from each project budget).
- 3.2.3. Reduction or elimination of instances of scope creep in the work being undertaken by the consultants.
- 3.2.4. Ensuring compliance with the procurement rules and regulations when consultants are engaged.
- 3.2.5. Assurance that the prices offered for services are competitive and offer value for money.
- 3.2.6. Delivery of support through a single central web based application which reduces administrative processes for the council.
- 3.2.7. Improved transparency, reporting and audit of all activity associated with professional and consultancy services.
- 3.2.8. Mitigation of IR35 related tax risks.
- 3.2.9. Reduction or elimination of payments for non-performance.
- 3.2.10. Efficiency savings through the reduction in the volume of invoices and processes as contact and contracts sit with one vendor.

### **4. Other Options Considered**

4.1. There are a vast range of frameworks available for consultancy services such as those provided by ESPO (Eastern Shires Purchasing Organisation) and the CCS (Crown Commercial Service).

4.2. Whilst these frameworks alleviate the need to re-advertise the requirement in Europe they normally still require a great deal of resource in tendering with all the capable suppliers on that framework. Furthermore new suppliers are not able to join the framework during their duration.

4.3. Cheshire East Council could also conduct its own quotations and tenders for specific consultancy requirements where required, however, a vendor neutral solution, which has a proven track record and has proved to be a valuable resource to date, is far simpler, quicker and a more efficient model of accessing specialist consultancy services.

## **5. Background**

5.1. Consultancy is a professional practice that gives expert advice within a particular field. 'Consultants' and 'consultancy firms' are the common terms used with regards to professionals who provide wide knowledge on a particular subject for time limited specific pieces of work.

5.2. The Council use consultants where expert knowledge and capability is required for a short term piece of work which is not available in-house and would be expensive or inappropriate to retain on a permanent basis. Recent examples of where the Council have used consultants include the petitioning process for HS2 and the B4B programme.

5.3. When these type of requirements are needed, the Council usually needs to act quickly and obtain the relevant specialist resource to aid delivery of work programmes, specific projects and specialist pieces of work for time limited periods, where the required level of resource and knowledge is not available in-house.

5.4. There are three recognised models of Service provider sub contracts (SPS) available and identifiable;

5.4.1. Multi-disciplinary professional service and /or consultancy organisations that offer a wide range of specialisations at strategic, operational and tactical levels of service delivery and organisational with a global presence.

5.4.2. Small, Medium, Enterprises (SMEs) specialising in a particular market sector or field of expertise.

5.4.3. Stand-alone or Sole Traders focused on specialist and technical consultancy and professional advice around a particular field, function or industry.

- 5.5. The purpose of this report is to seek approval to award a new contract to Bloom Procurement Services Limited (via a North East Purchasing Organisation (NEPO) Framework) for the provision of a Vendor Neutral Managed Service to source and provide consultancy services.
- 5.6. The North East Procurement Organisation (NEPO) has re-procured a new single source Neutral Vendor contract for the supply of Specialist Professional Services by way of a robust OJEU (Official Journal of European Union) process.
- 5.7. The framework agreement has been awarded to Bloom Procurement Services Ltd (who are the current provider) and will commence 1st October 2019. Cheshire East Council is an Associate Member of NEPO.
- 5.8. A framework is an agreement put in place with a provider or range of providers that enables buyers to place orders for services without running lengthy tendering exercises. Frameworks are based on large volume buying. They aggregate different buyers' potential needs meaning individual buyers can source services at lower prices, or with special added benefits and/or more advantageous conditions. The terms and conditions cover all purchases under that framework making it an easy and efficient method of procuring. There is no obligation or commitment required from the Council to purchase any specific volume under a framework.
- 5.9. Bloom Procurement Services Ltd acts as the independent broker for the procurement of specialist professional and consultancy services by managing the supply chain to fulfil the Council's requirements. They work with accredited suppliers and manage the end to end process of the appointment. They allow the flexibility of dealing with a wide range of consultants through one managed provider.
- 5.10. The table below outlines the expenditure and the cost savings through the use of this contract over the last four years, which totals £1.3 million.

<b>Year</b>	<b>Project cost - forecast</b>	<b>Actual</b>
2016/17	£2,405,000	£2,135,080
2017/18	£4,673,000	£3,954,690
2018/19	£1,835,846	£1,486,486
2019/20	£1,371,142	£1,344,683
<b>Total 4yr Projects (to date)</b>	<b>£10,284,988</b>	<b>£8,920,939</b>

5.11. The current contract has had some significant benefits which included:

- 5.11.1. Increased compliance by ensuring business cases are completed for new
- 5.11.2. Consultancy requirements focussing on the key activities and outputs.
- 5.11.3. Reduction in the number of WARNs for consultancy
- 5.11.4. Significant savings from project costs
- 5.11.5. Positive user feedback from the services who have procured using this method
- 5.11.6. Efficiency savings in time and resources. (Projects are able to be procured within 2-4 weeks rather than the average time of 3 months).

## **6. Implications of the Recommendations**

### **6.1. Legal Implications**

6.1.1. The North East Procurement Organisation (NEPO) has re-procured a single source Neutral Vendor framework agreement for the supply of Specialist Professional Services, commencing 1<sup>st</sup> October 2019. A Framework agreement is an “umbrella” agreement that sets out the terms (particularly relating to price, quality and quantity) under which individual contracts (call-offs) can be made throughout the period of the agreement. It enables contracting authorities to meet its need for a service, supply of goods or works for a set period of time in order to obviate the need to undertake a wide competitive process in relation to each individual procurement.

6.1.2. A framework agreement set up in accordance with the Public Contract Regulations 2015 is normally for a maximum four year period and available to a number of contracting authorities so long as those

authorities are sufficiently identified in the original OJEU notice. As an Associate Member of NEPO the Council is named and therefore is able to utilise this framework and enter in to a call off contract with Bloom Procurement Services Ltd. This ensures compliance with the Council's own Contract Procedure Rules and the Public Contract Regulations 2015.

- 6.1.3. Framework durations and their call-offs are normally a maximum of 4 years however the Public Contract Regulations 2015 do have provision for this period to be longer where there is sufficient justification. The justification that NEPO have upheld in their OJEU notices is that "this is due to the commercial and contractual complexity of the framework contract combined with the cost of administering the procurement for NEPO, Contracting Authorities, suppliers and impacted supply chains".

## **6.2. Finance Implications**

- 6.2.1. Based on historic expenditure patterns, the council's consultancy spend is expected to be in the region of £12m to £20m over the period of the contract (initially 4 years).
- 6.2.2. However there is no commitment for the Council to spend money through this contract. The cost of consultants are met from staff budgets or from specific project budgets.
- 6.2.3. There is no fee or direct cost in entering into this contract. Bloom charge the supplier (not the Council) a management fee per project. The contract delivers efficiencies in spend by consultants being sourced at competitive rates.

## **6.3. Policy Implications**

- 6.3.1. Four key drivers will underpin the procurement process to put in place a new contract for the supply of consultants which will deliver a cost effective and quality solution for the Council:
- To secure value for money - without compromising on the quality of the Consultants supplied.
  - To ensure business continuity in a compliant manner - through an efficient and simple process. This has reduced the number of waivers and non-compliant spend on consultants.
  - To provide an "easy to do business with" solution – for services to use
  - To enhance social value – providing a platform whereby local providers and SMEs can have the opportunity of securing business

with the Council in a streamlined manner and maximising the opportunity for residents to secure employment.

**6.4. Equality Implications**

None.

**6.5. Human Resources Implications**

6.5.1. Ensuring a smooth transition from the current contract/system to the new contract and on-line system is essential. During implementation and launch of the new consultancy contract, managers who regularly use Consultancy's will be trained on the suppliers ICT platform. This will ensure that Consultants can be selected for new assignments and paid promptly.

**6.6. Risk Management Implications**

6.6.1. All projects are closely monitored throughout the contracted period to ensure that the Council continues to obtain and maximise value for money and consistent levels of service. A requirement of the contract is for continuous improvement throughout the term of the contract to ensure that best value is achieved.

6.6.2. To enhance visibility and control over the usage of Consultants, management information reports will be requested from Bloom Procurement Services Ltd to assist with the monitoring of, for example, type of consultancy, costs, savings by project, directorate and service.

**6.7. Rural Communities Implications**

6.7.1. There are no direct implications for rural communities.

**6.8. Implications for Children & Young People/Cared for Children**

6.8.1. There are no direct implications for children and young people.

**6.9. Public Health Implications**

6.9.1. There are no direct implications for public health.

**6.10. Climate Change Implications**

6.10.1. In using consultants there will no doubt be travelling required in and out of the borough, however, where possible this contract will help to harness the use of local companies and SMEs which should help to reduce travel/energy consumption overall.

## **7. Ward Members Affected**

No impact on any specific wards and Local Ward Members.

## **8. Contact Information**

- 8.1. Any questions relating to this report should be directed to the following officer:

Contact details for this report are as follows:-

Name: Lianne Halliday

Designation: Procurement Manager

Tel. No.: 01270 685766

Email: [lianne.halliday@cheshireeast.gov.uk](mailto:lianne.halliday@cheshireeast.gov.uk)