

Report of Joanne Miklo

Report to Deputy Chief Executive

Date: 5th March 2015

Subject: Re-tendering of the Furniture Framework Contract

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. The council currently has an office furniture contract in place with FlexiForm Business Furniture, contract number 27176 – Corporate Office furniture, which is due to expire on the 31 October 2015. Due to the value of spend, £563.7k in 2013/2014, £932.3k to date in 2014/2015 and the anticipated likely spend in the next three years of approximately £3.5M, a procurement is required to replace the existing contract prior to 31 October 2015.
2. It is proposed that the Council use the Crown Commercial Service (Supply, Delivery and Installation of Furniture and Associated Services) Framework Agreement RM1501 (formerly known as Government Procurement Services) to undertake a competitive procurement to secure a new supplier for three years to October 2018, plus the option of another year through to October 2019.

Recommendations

1. The Deputy Chief Executive is recommended:
 - To approve the utilisation of the Crown Commercial Service Framework Agreement for the Supply, Delivery and Installation of Furniture and Associated Services RM1501 to undertake a competitive procurement to secure a new office furniture supplier for three years to October 2018, plus the option of another year through to October 2019.

2 Purpose of this report

- 2.1 The purpose of this report is to approve the utilisation of the Crown Commercial Service Framework Agreement for the Supply, Delivery and Installation of Furniture and Associated Services RM1501 to undertake a competitive procurement to secure a new office furniture supplier for three years to October 2018, plus the option of another year through to October 2019

3 Background information

- 3.1 The Council has embarked on a large agenda of change which requires the provision of modern, flexible office accommodation and introducing New Ways of Working to enable the workspace to be used more efficiently resulting in the reduction of office accommodation required by the Council.
- 3.2 This programme of work has been responsible for the majority of new office furniture procured under the current framework contact with FlexiForm which has had a total spend of £780,161 in 2014/2015¹ out of a total expenditure of £930,466 with FlexiForm, this equates to 84% of the total. The table below shows all expenditure on furniture across the Council for the last two financial years.

2014/2015 Office Furniture Expenditure

Classification	Total Value	Number of Orders	% of Total Furniture Value
On Contract	£930,465.68	266	53.45%
Office Furniture	£930,465.68	266	53.45%
Total Non-Contract spend	£1,857.72	17	0.11%
Office Furniture	£1,857.72	17	0.11%
Grand Total	£932,323.40	283	53.56%

2013/2014 Office Furniture Expenditure

Classification	Total Value	Number of Orders	% of Total Furniture Value
On Contract	£555,490.29	237	27.92%
Office Furniture	£555,490.29	237	27.92%
Non-Contract	£8,210.46	50	0.41%
Office Furniture	£8,210.46	50	0.41%
Grand Total	£563,700.75	287	28.33%

- 3.3 The Changing the Workplace Programme will continue through 2015/2016, 2016/2017 and 2017/2018 and Stage 2 of this programme is currently being planned, part of which includes the procurement of new furniture for some City Centre accommodation, plus some for the new Merrion House. Some non Changing the Workplace spend is also anticipated. It is anticipated that the value of this furniture is likely to be in the region of £3.5M;

¹ Financial data to 31st January 2015

- Merrion House - £2.5M
- Partial St George House - £0.25M
- Partial Civic Hall - £0.25M
- Non CtW Spend - £0.5M

3.4 To reduce costs, furniture that has already been procured as part of the Changing the Workplace programme will be re-cycled from buildings that the Council does not intend to retain in its City Centre portfolio into those that it does.

4 Main issues

4.1 The current office furniture contract is due to expire on 31 October 2015.

4.2 Due to the value of spend, £563.7k in 2013/2014, £932.3k to date in 2014/2015 and the anticipated likely spend in the next three years of approximately £3.5M, a procurement is required to replace the existing contract prior to 31 October 2015 to ensure a reasonable transition period should the contact be awarded to a new supplier.

4.3 It is proposed that the Crown Commercial Service (Supply, Delivery and Installation of Furniture and Associated Services) Framework Agreement RM1501 (formerly known as Government Procurement Services) is used to undertake a competitive procurement to secure a new office furniture supplier for three years to October 2018, plus the option of another year through to October 2019.

4.4 The principal benefits of using the Crown Commercial Service Framework Agreement are:

- The framework followed an EU compliant Open procedure which ensures all the relevant assessments of the suppliers were undertaken within this process and therefore do not need to be undertaken as part of this procurement process,
- It comprises of an easy to use lot structure,
- It will speed up and reduce the cost of the procurement process,
- The framework agreement is compliant with EU procurement processes and has secured highly competitive prices for core items and excellent discounts for non-core items,
- It consists of 6 organisations that have experience of carrying out this type of work and who have already met pre-determined criteria with regard to product standards, product testing, product quality and material sourcing requirements. The Council's current contract holder is one of the organisations.
- Core pricing is fixed for the framework term offering security and potential for year on year savings
- The aim of the framework is to provide customers a 'one stop shop' solution to capture public sector spend for new office, residential and storage furniture, whilst promoting the greater reuse of existing public sector furniture through an additional repair/renovation service, with the aim to generate cost savings against the demand for new furniture.

4.5 The specification and tender documents are being developed using the Government Procurement Services Framework Agreement, Corporate Standards and consultation with the Business Support Centre, the Procurement Unit and the Changing the Workplace Programme Team.

4.6 During the delivery of the Changing the Workplace Programme the performance of the current contractor was monitored. The primary areas of concern over performance and delivery will be addressed in the specification for this new tender, the main issues being;

- The ability to place orders on line directly with the supplier
- Faster turn round for small and singular orders as the current framework was set up to assist in the delivery of individual Changing the Workplace Projects
- The ability to make payment by purchasing card

5 Corporate Considerations

5.1 Consultation and Engagement

5.1.1 Consultation and engagement has taken place with the Head of Business Transformation, the Changing the Workplace Programme Team (who have maintained an issues log and a lessons learned log with regard to the furniture catalogue) and Health and Safety representatives.

5.1.2 The evaluation panel for the procurement will include the following primary stakeholders:

- The Head of Business Administration
- The Head of Facilities Management – due to their previous experience in developing the previous furniture framework
- The Changing the Workplace Programme Team – this team have placed the most orders in terms of monetary value under the current framework. The team also defined the furniture catalogue and developed the standard offering following extensive consultation with, Best Council Design Team, Changing the Workplace Programme Board, Property Sub Board, the Head of Business Administration, the Equality Team and the Purchasing Hubs. The team have also been monitoring the performance of the current framework and will have identified areas of improvement which can be addressed in the initial tender process and the development of the new agreement.
- The Head of Health and Safety –to ensure that the furniture available to the Council through this framework reflects that needs of Leeds City Council employees where adaptations to standard offerings are required.
- Disabled Staff Network – to ensure that the furniture available to the Council through this framework reflects that needs of Leeds City Council employees where adaptations to standard offerings are required.

5.2 Equality and Diversity / Cohesion and Integration

- 5.2.1 The tender documentation will contain sections to ensure that furniture is made available that is adaptable to meet the needs of all staff e.g. highly adjustable workstation chairs, height adjustable workstations etc.
- 5.2.2 An equality risk assessment was undertaken during the development of an on-line furniture catalogue and is referenced to in the specification.
- 5.2.3 The procurement process itself does not present any equality and diversity issues. However a full equality impact assessment for the procurement project has been undertaken and is available on request.

5.3 Council policies and City Priorities

- 5.3.1 The areas that this procurement exercise will address within the Best Council Plan 2013-2017 are:
- Achieve the savings and efficiencies required to continue to deliver front line service.
 - Becoming a more efficient and enterprising Council.

5.4 Resources and value for money

- 5.4.1 The use of the Crown Commercial Service Framework for the procurement process saves the Council money in terms of shortening the process and spending less time and resources on the process itself.
- 5.4.2 The procurement will demonstrate value for money by ensuring best value on pricing is obtained and will lead to procurement savings by minimising off or no contract spend.
- The Crown Commercial Service Framework when set up used an eAuction for the supply of office furniture lot. The eAuction achieved an 11% average saving across both this and the domestic furniture lots' core pricing. This saving is the difference between the initial bids received by the suppliers in their tender responses and the pricing achieved via the eAuction process.
 - A further competitive exercise is being undertaken between the six companies on the framework to ensure best value.
 - As part of the ongoing supplier management Crown Commercial Services use a number of tools to ensure the framework offer best value including the inclusion of a benchmarking clause in the over-arching framework documentation. This clause requires the supplier to undertake benchmarking activity as part of their obligations under the framework.
- 5.4.3 The specification looks to include:
- The option to pay by purchasing card which is not available under the terms of the current framework and this will lead to increasing the rebate that LCC currently receives.

- An option to allow ordering on line direct from the successful tenderer which will reduce duplication that currently exists with orders having to go through purchasing hubs.
- 5.4.4 The resources for this procurement process will be supplied by the Public Private Partnerships Unit and Procurement Unit, with support from other colleagues in the Council as necessary.
- 5.4.5 An exercise undertaken to compare the current contract prices over a range of items, with on-line prices from other office furniture suppliers, on a like for like basis, identified the existing prices as 18% lower than the average price for those advertised. The utilisation of a competitive mini tender across the framework suppliers to meet the Council's requirements, including the Changing the Workplace Programme, should ensure best value is achieved.

5.5 Legal Implications, Access to Information and Call In

5.5.1 The Chief Procurement Officer has advised that permission to use a non-approved framework is now made direct to the Relevant Chief Officer. Thus, there is no longer a requirement to seek the comments of the Procurement Unit and Internal Audit before submitting the report to the relevant Chief Officer (CPR 3.1.8).

5.5.2 This decision is a Key Decision and is subject to Call In.

5.6 Risk Management

5.6.1 The Project Manager has established a risk register and the following key risks have been identified:

- The new Furniture Framework is not in place by 1st November 2015 which will result in non-contract spend and will put the delivery of the refurbished Merrion House at risk. Resources from PPPU are already allocated to delivering this procurement and prioritised to ensure that it is complete by 01 November 2015.
- If the new contract is not in place by 01 November 2015 the Council will not have the opportunity to identify any issues prior to a major furniture order being placed to provide new furniture for the refurbished Merrion House. Again the procurement of this framework fully resourced to ensure that these timescales are met and then a Contract Management Plan will be put in place to ensure that performance is monitored.
- The lack of capacity of a single supplier to meet the requirements of the authority. With the new tender in place by November 2015 this will give the Council the opportunity to measure performance prior to the major order being placed for the Merrion refurbishment.

5.6.2 The Risk Register will be managed throughout the lifetime of the procurement by the Project Manager and Head of Business Administration.

6 Conclusions

- 6.1 The council currently has an office furniture contract in place with FlexiForm Business Furniture, which is due to expire on the 31 October 2015. Due to the value of spend, £563.7k in 2013/2014, £932.3k to date in 2014/2015 and the anticipated likely spend in the next three years of approximately £3.5M, a procurement is required to replace the existing contract prior to 31 October 2015.
- 6.2 It is proposed that the Council use the Crown Commercial Service (Supply, Delivery and Installation of Furniture and Associated Services) Framework Agreement RM1501 (formerly known as Government Procurement Services) to undertake a competitive procurement to secure a new supplier for three years to October 2018, plus the option of another year through to October 2019.

7 Recommendations

7.1 The Deputy Chief Executive is recommended:

- To approve the utilisation of the Crown Commercial Service Framework Agreement for the Supply, Delivery and Installation of Furniture and Associated Services RM1501 to undertake a competitive procurement to secure a new office furniture supplier for three years to October 2018, plus the option of another year through to October 2019.

8 Background documents²

- 8.1 [Government Procurement Services \(Supply, Delivery and Installation of Furniture and Associated Services\) Framework Agreement RM1501](#)

² The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.