



PART A: MATTERS DEALT WITH UNDER DELEGATED POWERS

REPORT TO: POLICY AND RESOURCES COMMITTEE

DATE: 29 NOVEMBER 2021

**REPORT OF THE: PROGRAMME DIRECTOR PEOPLE AND RESOURCES
MARGARET WALLACE**

**TITLE OF REPORT: CONTRACT RENEWALS
PUBLIC TOILET CLEANING, VEHICLE FLEET TYRES AND
ROUTE OPTIMISATION SOFTWARE**

WARDS AFFECTED: ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

- 1.1 The purpose of this report is to seek approval of the expenditure for three contracts financed from existing budgets, for public toilet cleaning, vehicle fleet tyres and route optimisation software.
- 1.2 As required under Financial Regulation 13.9, authorisation is required from committee as the value of each contract over its term exceeds £50,000.

2.0 RECOMMENDATION

- 2.1 It is recommended that:
- (i) Approval of the annual spend of £74,260 from existing budgets for a 2 year period from 1 April 2022, with the option to extend for a further 12 months, is granted for public toilet cleaning services (under Financial Regulation 13.9).
 - (ii) Approval of the annual spend of £37,110 from existing budgets for a 2 year period from 1 April 2022, is granted for the supply of tyres for the vehicle fleet (under Financial Regulation 13.9).
 - (iii) Approval of funding for route optimisation software at a total cost of £64,786 over 2 years is granted to be funded by existing budgets (under Financial Regulation 13.9).
 - (iv) Delegated authority is given to Chair of Policy and Resources Committee and Section 151 Officer if the contract extension costs exceed the current budgeted annual spend for each service as there is scope within the budget to increase this slightly if needed

3.0 REASON FOR RECOMMENDATIONS

- 3.1 As required under Financial Regulation 13.9, authorisation is required from committee where the value of each contract over its term exceeds £50,000.

- 3.2 A new procurement is required for public toilet cleaning due to compliance with contract threshold criteria.
- 3.3 Contract extensions to the existing contracts for the supply of tyres and route optimisation software are however considered the most appropriate way forward justified by the way of unforeseen circumstances due to local government reform and the development of enhanced and collaborative services for the new council.
- 3.4 Exemptions are being sought under contract procedure rule 15.8 for the supply of tyres and route optimisation software from the standard procurement requirements which has been agreed in principle by the S151 Officer and Head of Corporate Governance on the basis that the benefits of a two year renewal with the current suppliers outweighs the risks and costs associated with changing suppliers at this juncture.
- 3.5 The recommendations to approve the funding for existing contracts for public toilet cleaning, vehicle fleet tyres and the route optimisation software licence are all within existing approved budgets.

4.0 SIGNIFICANT RISKS

- 4.1 Ensuring financial regulations are complied with reduces the risk of any challenge to the procurement process.
- 4.2 There is a low risk associated with extending existing contracts which is mitigated by the work now underway due to local government reform and the development of enhanced and collaborative services for the new council.
- 4.3 Timely procurement of suitable suppliers and specialist software supports risk management and the continued successful management and delivery of services.

5.0 POLICY CONTEXT AND CONSULTATION

- 5.1 The recommendations support the Council's priority as an innovative and enterprising Council securing value for money:
- Maintaining strong finances into the future by delivering customer-focussed and cost-effective core services
 - Driving service improvements and monitoring the effectiveness of our contracts and commissioned services

6.0 REPORT DETAILS

PUBLIC TOILETS CLEANING

- 6.1 The Council owns 11 public toilets and currently contracts out the twice daily cleaning of 9 of these facilities and the contract is due to end on 30 November 2021.
- 6.2 An extension has been negotiated with the existing contractor to continue at the current contract price for the period 1 December 2021 to 31 March 2022 with procurement and legal support provided. Due to staff leaving it was not possible to progress with the re-procurement for a new contract to start at the end of the initial term as the contract specification required a comprehensive review due to covid-19 and operational considerations.

- 6.3 Approval for funding the annual spend from existing budgets for a 2 year period, with the option to extend for a further 12 months, is requested for a new contract for public toilet cleaning to cover the period 1 April 2022 to 31 March 2025.

VEHICLE FLEET TYRES

- 6.4 The current contract for the supply of tyres for the Council's vehicle fleet expires on 31 March 2022 and approval for funding a two year extension but extended on an annual basis (also subject to no significant increase in costs) is requested to cover the period 1 April 2022 to 31 March 2024.

ROUTE OPTIMISATION SOFTWARE LICENCE

- 6.5 The current licence for route optimisation software comes to an end 21 December 2021. This software is critical to the delivery of waste and recycling services.
- 6.6 A benchmarking exercise has been undertaken with the leading alternative providers in the route optimisation software market using the Crown Commercial Services G-Cloud Framework pricing. This indicates the Council would need to invest at least an additional £70k and six months of officer time to procure and implement a new solution.
- 6.7 The benefits of approving funding for a two year renewal with the current supplier outweighs the significant risks and costs associated with changing supplier as the authority prepares for local government review. The two year renewal reduces the risk of the supplier increasing their costs next year by fixing price.
- 6.8 In addition, the current supplier is already utilised across a number of North Yorkshire local authorities and future aligning of waste systems will be a fundamental task for the new authority.
- 6.9 Under contract procedure rule 15.8 an exemption from the standard procurement requirements for the supply of tyres and the route optimisation software contracts has been agreed in principle by the S151 Officer and Head of Corporate Governance for the reasons provided.
- 6.10 In accordance with the Council's financial regulations, financial standing orders and contract procedure rules approval is required from committee as the value of each contract over its term exceeds £50,000. No additional funding is required as the costs for each contract are provided for in existing budgets.

7.0 IMPLICATIONS

- 7.1 The following implications have been identified:

a) Financial

No additional funding is required as there is budget provision for each of these contracts:

The 2021/22 annual budget for the public toilet cleaning contract is £74,260 which includes for twice daily cleaning to minimise the risks of transmission of Covid-19.

The 2021/22 annual budget for supply of tyres for the vehicle fleet is £37,110

If the costs of the new or extended contracts are in excess of the approved budgets delegated authority to the Chair of Policy and Resources and S151 Officer is requested as there is scope within the budget to cover increased costs.

The cost of a 2 year renewal of the route optimisation software licence would be £64,786 which is provided for in existing revenue and capital budgets.

b) Legal

There are no legal issues with the decision requested and the procurement processes proposed. Procurement and legal will provide necessary support where required.

c) Other (Equalities, Staffing, Planning, Health & Safety, Environmental and Climate Change, Crime & Disorder)

There are no other implications arising directly from this decision request. Health and safety, staffing and equalities implications are considered as part of the procurement process.

8.0 NEXT STEPS

- 8.1 Action will be taken to proceed with a compliant procurement process for a new toilet cleaning contract and contract extensions for the supply of tyres and route optimisation software.

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Background Papers: