

NORTH LINCOLNSHIRE COUNCIL

**FINANCE AND GOVERNANCE
CABINET MEMBER**

**PROCUREMENT OF A DYNAMIC PURCHASING SYSTEM FOR PERSONAL
PROTECTIVE EQUIPMENT**

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 The existing contract for the supply of workforce Personal Protective Equipment (PPE) expires in November 2020.
- 1.2 Approval is sought to procure a Dynamic Purchasing System to provide all of the council's PPE requirements including that used for workforce protection and infection control. This forms part of the wider transformation of how the council supports the workforce in respect of PPE.
- 1.3 Contract Procedure Rules require Cabinet Member approval to commence the procurement process where for procurements over £1m whole life cost.

2. BACKGROUND INFORMATION

- 2.1 The council had a legacy of dispersed governance, procurement and operational management of the use of PPE. As part of the council's response to the Covid-19 pandemic, a dedicated PPE capability was established to support all of the council's PPE needs. This has delivered the following benefits:
 - All service needs being met, with PPE sourced from a range of local, regional and national commercial and government supply channels.
 - Good value for money being driven from a challenging and rapidly changing supply market.
 - Product specification compliance and assurance.
 - Services being able to focus on supporting the people of North Lincolnshire and not being distracted by sourcing the PPE needed to do their jobs.
 - Making sure the council is working to national government guidance and best practice on the sourcing and use of PPE.
 - Supporting the wider independent and commissioned sector (social care, Safer Neighbourhoods partners etc) in a proportionate way, without exposing the council to unacceptable risks and liabilities.

- Good governance via Leadership line of sight, accountability and strategic lead.
- Efficiency and flexibility to meet needs by taking an holistic and aggregated, rather than fragmented, approach to PPE sourcing and deployment.
- Enabling quick and easy cross council learning from best practice internally, from other regional and national organisations, and reciprocally sharing our best practice with others.
- Procurement compliance with relevant rules and regulations
- Resilient and robust sourcing and distribution arrangements, significantly contributing to council business continuity.
- Exceptional collaborative working whilst maintaining single point accountability for sourcing, deployment and use of PPE throughout the organisation.

2.2 The council has decided to embed these benefits in our business as usual arrangements. This includes ensuring the council has a single capability that meets all of the council's PPE needs. Work is being progressed to make this happen. As part of this, the council needs to ensure we have the best procurement arrangements in place going forward. In respect of infection control PPE, the council has good short-term resilience based on current demand. We hold a stock of infection control PPE that is expected to take us through to April 2021. However, demand for infection control PPE could change quickly and we need to ensure we have the best procurement arrangements in place for all types of PPE. The current contract for the supply of PPE comes to an end in November 2020.

2.3 In view of the above and the fact that we are expecting a long term requirement for infection control PPE (facemasks, gloves, aprons etc) and general workforce protection PPE (hi-vis workwear, hard hats, dust masks etc), the council needs to have the best procurement arrangement in place to ensure our workforce has the most appropriate PPE they need to do their jobs.

2.4 In addition a stock control system will be procured to monitor the stock levels and notify when orders need to be placed in order to maintain a minimum 4 week stock.

3. **OPTIONS FOR CONSIDERATION**

3.1 Option 1 – Procurement of a Dynamic Purchasing System (DPS) to provide all the council's PPE requirements. This is the preferred option.

3.2 Option 2 – Procurement of a single provider to provide all the council's PPE requirements.

3.3 Option 3 – Procurement of a multi supplier framework to provide all the council's PPE requirements

4. ANALYSIS OF OPTIONS

- 4.1 Option 1 – a DPS provides good flexibility to meet our needs. It is fully compliant with all procurement regulations and is ideally suited to our PPE requirements, as there will be a large numbers of transactions. It provides for continued cost competition, which is very relevant in this case as we have a long term need from a market that can be highly volatile. New suppliers can request to join the DPS at any time, which increases accessibility for harder to reach suppliers. It also enables opportunities for local SMEs to develop PPE manufacturing and supply capacity and capability, providing them with the best opportunity to become suppliers to council, together with enabling access for other new suppliers to the market. It also enables us to access multiple suppliers, meaning that we maintain the advantage of diversity of supply rather than being contractually tied to a single, or limited number, of suppliers. Suppliers are vetted before they are accepted onto the DPS. The length of time over which a DPS can operate can be extended to meet our long term needs, or it can be cancelled if our needs or market conditions change. The DPS does not establish a fixed price up front – this is a significant benefit that means the council would always get the best price available from the market at the point of purchase. Purchases (or ‘call offs’) can be based on price only or a quality element can be built in to award the call off – typically this might apply where time is of the essence or we might have a need for PPE to be delivered directly to the point of use. Operating a DPS does not require a significant amount of officer time or other resources.
- 4.2 Option 2 – this option would provide procurement regulation compliance, however due to the volatility of the market the supplier would be unlikely to be able provide items as and when they are required or at the best market price on every occasion - prices are submitted during the tender process and would remain fixed (subject to specified indexation increases) over the length of the contract. Consequently, suppliers are likely to cover the risk of fluctuations within their tendered prices. Additionally, the supplier may not be able to supply at the prices quoted in their tender due to market fluctuations – this creates a high risk of breach of contract, increased risk of challenge from other suppliers or a requirement to change the contract, effectively undermining any clear and transparent tender process and giving rise to a significant business continuity risk. An alternative option would be to have an open book arrangement, where the supplier will charge the price that they pay for the goods plus a % fee. The % fee would be submitted in the supplier’s initial tender and remain fixed for the contract term. This is unlikely to provide value for money, however, as the provider would not be incentivised for sourcing the most competitive price for the items over the life of the arrangement and auditing open book arrangements can be an unnecessary administrative burden that is not ideally suited to this need.
- 4.3 Option 3 – again, this option would provide procurement regulation compliance. It would also have more supplier diversity than option 2. This is because several suppliers can be appointed to the framework. It offers no flexibility though, as once the framework is set up new suppliers cannot be added to the framework, even if a provider leaves the framework. The terms governing the contracts would need to be established when the framework is set up, in particular with regard to price. The issues associated with suppliers

not being able to determine prices at the outset gives rise to the same disbenefits as highlighted in option 2 above.

5. FINANCIAL AND OTHER RESOURCE IMPLICATIONS (e.g. LEGAL, HR, PROPERTY, IT, COMMUNICATIONS etc.)

5.1 It is anticipated that this will deliver operational benefits for the council both in terms of minimising the cost of PPE items and maximising the efficiency and effectiveness of our arrangements to get the right PPE to the workforce, as and when they need it.

5.2 Staffing arrangements to support the operation of the new procurement arrangements will be put in place as result of the work set out in paragraph 2.2. This work includes streamlining the arrangements by use of digital solutions for requesting and deploying PPE, together with automated stock control and management.

5.3 It is anticipated that budgets for PPE will be aggregated and managed centrally, using the Corporate Landlord operating model. To ensure that the aggregated budget is matched to meet justified demand, this will include reviewing existing budget allocations against any changed demand, for example taking account of increases in the need for infection control PPE. This work is being progressed, however, based on current trends the anticipated whole life value of the DPS is expected to be significantly above £1m.

5.4 The procurement project would be resourced in house, led by the Strategic Projects Service with support from procurement, legal, Health and Safety, Public Health and Corporate Landlord subject matter experts. The user voice will be represented by members of the PPE Core Group.

6. OTHER RELEVANT IMPLICATIONS (e.g. CRIME AND DISORDER, EQUALITIES, COUNCIL PLAN, ENVIRONMENTAL, RISK etc.)

6.1 The procurement of a DPS for the provision of PPE is an important part of keeping both our workforce and residents safe and well. It will ensure our workforce get the most appropriate PPE for their needs.

7. OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)

7.1 No adverse impacts have been identified.

8. OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED

8.1 There are no conflicts of interest declared.

8.2 Service areas that use PPE have been consulted to ensure the arrangements meet their needs. Health and Safety and Public Health subject matter experts

have supported work to confirm the items of PPE required. The councils Leadership, Corporate Landlord lead and PPE Core Group have been consulted on the proposed arrangements.

- 8.3 All areas consulted support these arrangements and consultation will continue at all stages of the procurement.

9. **RECOMMENDATIONS**

- 9.1 That the Cabinet Member approves the procurement of a Dynamic Purchasing System for the councilwide supply of Personal Protective Equipment.

DEPUTY CHIEF EXECUTIVE AND EXECUTIVE DIRECTOR OF COMMERCIAL

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Background Papers used in the preparation of this report: None