

(1) Reason why decision is being called in:

Decision KD4778 is being called in because: -

- 1. It is not clear that the report considered by the decision maker fully demonstrates that value for money has been achieved.** Only one bid was received for the provision of multi-disciplinary planning and design services over the next four years at Meridian Water at the cost of approximately £1million per annum. The important principle of securing value for money from contracts that the council awards is placed at risk if there is only one bid. How is value for money demonstrated?

RESPONSE

The ESPO framework 664 lot 8g Regeneration and Regional Development has 10 suppliers. Out of 10 suppliers, five of them confirmed their interest. We reached out to the companies who did not submit the bid to confirm their reason. The main reasons were that they were unable to take on further commitments and that they do not have the required resources for the project.

The sole bidder's responses gave us the confidence that they have the aptitude and the capability to deliver the broad range of consultancy services required. The breadth of consultancy services offered, can help reduce the Council's cost of acquiring multiple consultancy services. It alleviates the administrative burden by reducing the requirement to process multiple procurements. Also, significant management resources are required for evaluating tenders and managing multiple contracts, so efficiency is created by improving project and contract management functions. By aggregating demand for services, it makes it possible to get greater leverage from the supplier throughout the lifecycle of the commission. For example, the bidder will be able to create additional value by helping the Council align multiple interdependencies across regeneration and planning activities.

In case the bidder fails to consistently provide the quality of services sought, the Council has the option to opt out from the contract. The contract will be established for 6 months with options to extend. The services are commissioned through a call off arrangement only as when the needs are identified. Break clauses are also included in the contract to undertake performance reviews and to refine the scope. This provides the opportunity to terminate the commission if the services are no longer required or the Council is not satisfied with the bidder's performance.

- 2. It is not clear from the report that the decision maker was fully appraised of the financial penalties levied against the parent**

company in the US of c.\$110m since 2000 against the one bidder for the contract. The successful bidder is reputed to be the largest engineering firm in the world and its subsidiaries have reportedly been in various contractual disputes with the US Government and others. It is reasonable to question whether this tendering process has achieved a desirable outcome on value for money or other grounds.

RESPONSE

The parent company is the ultimate Holding Company and the record shows that the contractual disputes with the subsidiaries were made in the US. The bidding company is an operational company based in the UK and its operation is governed by UK and EU Public Contract Regulations.

Service providers listed in the ESPO framework were assessed through the UK/EU compliant procurement process for their financial stability, track record, experience and technical & professional ability. We believe this tendering process has achieved a desirable outcome based on the security provided by the ESPO framework vetting process as well as the professional indemnity insurance fully covered by the bidding company.

- 3. The timescale for bidders to respond was only four weeks for a multi-disciplinary planning and design service. Given that only one bid was received is the decision maker confident that value for money is likely to be achieved?**

The scrutiny process is designed, inter alia, to review decisions made by the Administration. The industry's custom and practice suggests the ideal procurement process results in 3 or 4 suitable firms submitting tenders that provide prices and quality within a realistic range. In this instance, tenderers were only given 4 weeks to respond and the field invited to tender was too large for the firms to have a realistic chance of success. It is unclear from the report whether the use of more refined award criteria, a different Lot selection or the use of a different framework would have attracted more suitable tenderers

RESPONSE

We believe for procurement of consultancy services, it is reasonable to provide four weeks timescale to respond. The suppliers were first notified in March 2018 with enough lead in time to help understand the purpose and logistics of the procurement. The team followed up by sending several reminder emails. The suppliers who did not respond were contacted individually to ask for reasons for not intending to bid. The main reasons were that they were unable to take on further commitments and that they do not have the required resources for the project

Options for different Lot selections had been considered, but it was ruled out as it was deemed to require significant management and administrative effort in processing multiple procurements which

involves seeking, evaluating tenders and managing multiple contracts once the bidders are appointed.