

**ASHFIELD DISTRICT COUNCIL: EXECUTIVE FUNCTIONS DECISION RECORD**

Please use this form to record any Executive Decision taken by an Executive Lead Member or Chief Officer.

TO BE COMPLETED BY THE DECISION TAKER:	
<b>1.</b>	<p><b>Title / Subject Matter:</b></p> <p><b><u>Direct Call Off from CCS Framework – Tail Spend Procurement Award of Tail Spend Solution Under RM602</u></b></p> <p>A Tail Spend Solution has been designed to include a wide range of low value products classified as ‘tail spend’ that buyers can now procure via an online marketplace. The cumulative value of the tail spend quite often exceeds the value for which a contract would need to be in place and is quite often overlooked.</p>
<b>2.</b>	<p><b>Is this a Key Decision:</b> Key Decision</p> <p>(a) Result in the Council spending or making savings of over <b>£50,000 revenue</b> or <b>£1m capital</b>, or;</p> <p>(b) Have a significant impact on <b>two</b> or more Wards, or electoral divisions in the Council’s area.</p>
<b>3.</b>	<p><b>Decision Taken:</b></p> <p>To Directly Award to Mercateo UK Limited (part of the Unite group) under the Crown Commercial Services framework RM6202 for a maximum period of four (4) years.</p>
<b>4.</b>	<p><b>Reasons for the Decision:</b></p> <p>The primary focus is to ensure that Ashfield is compliant with the Public Contracts Regulations 2015 as well as our internal Contract Procedure Rules. The identification of small spend amounts when accumulated and calculated over a period of time, identified the requirement for a proper compliant procurement arrangement being required. In addition to the compliance element, a new finance system is being designed and there will be the facility to include a catalogue function to manage procurement of general consumable and stationery items. The stationery and consumable items are a large proportion of the tail spend.</p> <p>Additionally, the Tail Spend Solution allows for the onboarding of existing suppliers, subject to conformance with Government Buying Standards. For example, where Ashfield is already purchasing from a supplier with strong social</p>



# Ashfield

DISTRICT COUNCIL

value and Carbon Net Zero (CNZ) credentials, we can work with them as part of our bespoke supply chain.

Confirmation has been received from the provider of the new finance system that system compatibilities will allow for interfacing directly with the new finance system thus providing an end-to-end system for ordering with linkage to the Council's finance system.

**5. Copy of the Report or Briefing Note setting out the information which was used as the basis for the Decision:**

Please see attached business case.

**6. Was the Decision classed as exempt? If so, what were the reasons for this:**

No

**7. Alternative Options Considered / Rejected:**

1. Do nothing – this was not an option as the procurement would not be compliant with the Public Contracts Regulations 2015.

2. Direct call off from CCS framework- RM6202 - this offers a fully compliant route in which to directly award at no cost to the Council

3. To procure via the Yorkshire Purchasing Organisation (YPO) Where YPO framework users have access to a discounted rate of £1,000 per year excl VAT for Amazon Business Prime Unlimited (usual price £4,500).

Option 2 is chosen as the preferred option as it has no cost attached and allows for local businesses to onboard with Mercateo UK Limited (part of the Unite group) which will also assist in reducing Carbon Net Zero.

**8. Declarations of Interest and Dispensations – if applicable:**

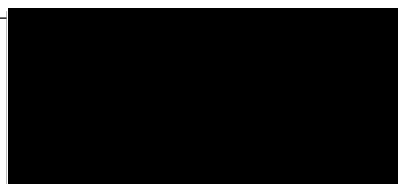
Nil

**9. Name / Title of the relevant Executive Lead Member(s) consulted (if appropriate):**

**Councillor Rachel Madden, Executive Lead Member for Finance, Revenues and Benefits**

**10. Name / Title of the decision taker:**

Officer:  
Craig Bonar, Executive Director – Transformation



Date: 14 November 2023
TO BE COMPLETED BY DEMOCRATIC SERVICES
<b>1. Date that the decision was notified to Members:</b>  15 November 2023
<b>2. Date and time when the Call-In period for this decision ends:</b>  5pm – 22 November 2023
<b>3. Date when the decision can be implemented (five clear working days following publication):</b>  23 November 2023
<b>4. Decision Reference Number (if applicable):</b>  N/A

The completed form should be emailed to the Democratic Services Team:

[democratic.services@ashfield.gov.uk](mailto:democratic.services@ashfield.gov.uk)

They will arrange for it to be published on the Council's web site.

**EXEMPT OR CONFIDENTIAL BACKGROUND INFORMATION IN SUPPORT OF THE DECISION:**

Use this section to share any confidential information. **This will not be published or placed on the Council's web site.** It will only be shared within the Authority, as appropriate.



**For further support or guidance please contact Ruth Dennis, Director of Legal and Governance (and Monitoring Officer) [ruth.dennis@ashfield.gov.uk](mailto:ruth.dennis@ashfield.gov.uk) or any member of the Democratic Services Team.**

<b>Report To:</b>	<b>DELEGATED DECISION</b>
<b>Date:</b>	<b>14 NOVEMBER 2023</b>
<b>Heading:</b>	<b>DIRECT CALL OFF FROM CCS FRAMEWORK – TAIL SPEND PROCUREMENT</b> <b>AWARD OF TAIL SPEND SOLUTION DIRECT CALL OFF FROM CCS FRAMEWORK RM6202</b>
<b>Executive Lead Member:</b>	<b>COUNCILLOR RACHEL MADDEN</b>
<b>Ward/s:</b>	<b>ALL</b>
<b>Key Decision:</b>	<b>YES</b>
<b>Subject to Call-In:</b>	<b>YES</b>

### **Purpose of Report**

This report sets out the reasons for the direct award of a Tail Spend Solution to be used for the procurement of low value goods.

### **Recommendation(s)**

**To directly award a Tail Spend Solution to Marcateo UK Limited under CCS FRAMEWORK RM6202**

### **Reasons for Recommendation(s)**

1. To ensure that Ashfield District Council has a compliant procurement route in relation to tail spend procurement.
2. Create a more efficient supply chain to reduce the Council's carbon footprint.
3. To use a system with search filters that gives Ashfield the option to search products based on our social value priorities.
4. To enhance purchasing from vendors with strong social value and Carbon Net Zero (CNZ) credentials.
- 5.

## **Alternative Options Considered**

*(with reasons why not adopted)*

1. Do nothing – this is not an option as we need to be compliant with the Public Contracts Regulations 2015 and Ashfields Contract Procedure Rules. In addition, we need to ensure that the concern raised by audit in relation to cumulative low level spend with suppliers is addressed.
2. Direct call off from CCS framework- RM6202 – This is a compliant route that offers many benefits. There is no cost in awarding the call off to Mercateo UK Limited and a direct award facility exists. Some of the benefits that Ashfield will realise are as follows.
  - a more efficient supply chain to reduce the Council's carbon footprint
  - the ability for local businesses to onboard with Mercateo UK Limited as suppliers
  - having a system where search filters are available that gives Ashfield the option to search products based on our social value priorities.
  - enabling purchases from vendors with strong social value and Carbon Net Zero (CNZ) credentials.
  - The ability to procure from SMEs as the number of SMEs included in Mercateo's supply chain is estimated at 70%.
3. The award to other suppliers under other frameworks such as the Yorkshire Purchasing Organisation (YPO) where Amazon Business can be used for a discounted fee of £1000 per year. This was not considered as there is an annual cost as well as the limitations in achieving local and social economic value.

## **Detailed Information**

Products classified as 'tail spend' are often low volume and low value. Organisations usually purchase tail spend products to meet a specific, short-term need and are unlikely to buy them again or in the near future.

Local authorities make a diverse range of tail spend purchases each year as part of the services they provide. For example, general stationery items or consumables and one-off, low value procurement items.

Tail spend purchases are often not visible until they appear in an organisation's end of year accounts. This is because staff members usually make these purchases outside of an organisation's more formal procurement practices as the purchases are too small, or too infrequent. This is one of the key factors which makes 'tail spend' hard to manage and can cause significant budget pressures for local authorities if not controlled properly.

Amazon has been used in the main to supply general stores and stationery requirements and the spend data for 2022/23 showed that £14,267.85 was spent over the period. There are other small spend amounts from other suppliers which would add to the 'tail spend' issue. Prior to the use of Amazon an arrangement had been in place for many years with ESPO although there is no evidence that a compliant procurement route was taken to use either Amazon or ESPO.

Data from 2020 to March 2022 was not analysed due to the restrictions imposed by Covid 19 in relation to working within the workplace. Simply, any data during that period would be significantly low due to many staff working remotely during that period. The data used is in relation to the first-year post-pandemic as our working model has changed and staff have got used to a more digital approach and less reliance on general stationery items that had been used pre-pandemic.

An analysis on spend for a typical range of office related products was undertaken and showed Mercateo UK Limited and Espo being almost identical in price however Amazon was over £100 more expensive for the basket of items compared.

The procurement will identify new benefits that could be delivered however the focus would be primarily targeted to having a compliant procurement route in place that offers best value for money. In addition to this, the ability to address audits concerns over cumulative spending and having a compliant procurement arrangement in place.

**Implications**

**Corporate Plan:**

The elements of the corporate plan that will be delivered relates to maximising efficiencies and social value in the way in which we procure goods and services, and it will also have the potential to positively impact on our carbon footprint through supply chain management.

**Legal:**

The Council has the power to enter into contracts in order discharge its functions (Local Government Act 1972, s111 and the Local Government (Contracts) Act 1997, s1). The Local Government Act 1972 requires the Council to have regulations for how it enters into contracts. In addition to complying with all relevant UK legislation every contract entered into on behalf of the Council must also comply with the Council’s Contract Procedure Rules and the Council’s Financial Regulations.[LE 07.11.23]

**Finance:** There are no costs associated with this Decision Record. [PH 02/11/2023].

Budget Area	Implication
General Fund – Revenue Budget	Nil
General Fund – Capital Programme	Nil
Housing Revenue Account – Revenue Budget	Nil
Housing Revenue Account – Capital Programme	Nil

**Risk:**

Risk	Mitigation
The risk of not doing anything will be non-compliance with both the Public Contracts Regulations 2015 and the Council’s Contract Procedure Rules	To directly award to Mercateo UK Limited under CCS FRAMEWORK RM6202

## **Human Resources:**

Whilst there are no direct HR implications there will be the requirement for staff training in which to use the ordering platform, and this will be managed through the engagement plan involving users who place orders for stores and stationery to attend information sessions in order to understand how to use the system. In addition, links will be sent for users to access a test system where they can familiarise themselves with the platform prior to online training.

## **Environmental/Sustainability:**

*(to be completed by the author)*

This will minimise the carbon footprint by creating a bespoke, environmentally friendly supply chain and Mercateo UK Limited will work with Ashfield to onboard, as part of our bespoke supply chain, only third-party suppliers who support Ashfield's carbon footprint priorities. This bespoke supply chain can, therefore, help Ashfield meet our own carbon net zero targets by providing a tailored set of third-party suppliers

## **Equalities:**

*(to be completed by the author)*

There are no equalities issues associated with this procurement.

## **Other Implications:**

*(if applicable)*

None

## **Reason(s) for Urgency**

*(if applicable)*

## **Reason(s) for Exemption**

*(if applicable)*

## **Background Papers**

*(if applicable)*

Business Case

## **Report Author and Contact Officer**

*(for example)*

**Chris Clarke**

**Procurement and Project Officer**

[chris.clarke@ashfield.gov.uk](mailto:chris.clarke@ashfield.gov.uk)

**01623 457536**

## **Sponsoring Executive Director**

*(for example)*

**Craig Bonar**

**EXECUTIVE DIRECTOR - TRANSFORMATION**

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