

 <b>Finance and Audit Scrutiny Committee</b> <b>2 April 2019</b>		<b>Agenda Item No. 7</b>
<b>Title</b>	Procurement Progress update – annual for financial year 2019/2020	
<b>For further information about this report please contact</b>	<a href="mailto:Mike.snow@warwickdc.gov.uk">Mike.snow@warwickdc.gov.uk</a>	
<b>Wards of the District directly affected</b>	All	
<b>Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?</b>	No	
<b>Date and meeting when issue was last considered and relevant minute number</b>		
<b>Background Papers</b>		

<b>Contrary to the policy framework:</b>	No
<b>Contrary to the budgetary framework:</b>	No
<b>Key Decision?</b>	No
<b>Included within the Forward Plan? (If yes include reference number)</b>	No
<b>Equality &amp; Sustainability Impact Assessment Undertaken</b>	N/A
No assessment as this is a progress report.	

Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive		Andy Jones
Head of Service		Mike Snow
CMT		
Section 151 Officer		Mike Snow
Monitoring Officer		Andy Jones
Finance		
Portfolio Holder(s)		Cllr Richard Hales
Consultation & Community Engagement		
Senior Management Team Procurement Champions Procurement Board		
Final Decision?		Yes
Suggested next steps (if not final decision please set out below)		

## **SUMMARY**

- 1.1 The report is presented to the Committee to provide Elected Members with greater visibility of all the Council's procurement activity.
- 1.2. The Report gives a snap shot on how procurement is organised within Warwick District Council and the resources that are being utilised to deliver effective procurement.
- 1.3. This report serves to update progress on Procurement during the financial year 2019/20.

## **2. RECOMMENDATION**

- 2.1 It is recommended that the progress across the procurement function over the past year is noted.
  - Appendix One: Progress against Procurement Action Plan to achieve strategic procurement objectives for 2019/20
  - Appendix Two: Procurement Activity from April 2019-Sept 2019
  - Appendix Three: Contract Exemptions Permitted: April 2018 – March 2019

## **3. REASONS FOR THE RECOMMENDATION**

- 3.1 It was agreed at the July 2010 Executive as part of the Procurement Strategy that Members would receive updates on the progress of procurement and the procurement strategy.
- 3.2 The Councils' combined expenditure is approximately £38 million a year on the acquisition of goods and commissioning of works and services through procurement activity and the provision of grants to third party organisations.
- 3.3 The Procurement Team has been extremely busy over the past six months: embedding the procurement shared service arrangement with WCC; supporting the dissemination and increased awareness of the Code of Procurement Practice 2018 and new Procurement Strategy 2019-2023; launching digital initiatives to support procurement compliance such as the new contract register and interactive procurement workflow questionnaire on the intranet, and the electronic supplier questionnaire on the e-procurement portal; and supporting the delivery of a large number of procurement exercises for goods, services and works, including the corporate insurance, country park design consultancy, Leamington Christmas Lights collaborative procurement with BID Leamington and LTC and bowling green regeneration.
- 3.4 The new procurement strategy has been approved to align the Council with its current corporate objectives, its sustainability agenda, and the objectives set in the National Procurement Strategy 2018. This strategy has now being embedded into the procurement action plan to ensure that its objectives are fulfilled, including providing support for the new Council 'Climate change emergency' agenda.
- 3.5 The appendices to this report detail progress on procurement during the year.
  - Appendix One: Progress against Procurement Action Plan to achieve strategic procurement objectives for 2019/20

- Appendix Two: Procurement Activity from April 2019-Sept 2019
- Appendix Three: Contract Exemptions Permitted: April 2018 – March 2019

3.6 In January 2018 the Executive agreed that the Council would enter a partnership with Warwickshire County Council for strategic procurement support. This was partly due to the problems that the Council has had in recruiting and retaining senior procurement officers. This partnership was reviewed in more detail within the Procurement Report to the Executive on 3 April 2019 and has been extended until March 2023 with a review planned for March 2020.

## 4. POLICY FRAMEWORK

### 4.1 Fit for the Future (FFF)

The Council's FFF Strategy is designed to deliver the Vision for the District of making it a Great Place to Live, Work and Visit. To that end amongst other things the FFF Strategy contains several Key projects.

The FFF Strategy has 3 strands – People, Services and Money and each has an external and internal element to it. The table below illustrates the impact of this proposal in relation to the Council's FFF Strategy.

FFF Strands		
People	Services	Money
<b>External</b>		
<b>Health, Homes, Communities</b>	<b>Green, Clean, Safe</b>	<b>Infrastructure, Enterprise, Employment</b>
<u>Intended outcomes:</u> Improved health for all Housing needs for all met Impressive cultural and sports activities Cohesive and active communities	<u>Intended outcomes:</u> Area has well looked after public spaces All communities have access to decent open space Improved air quality Low levels of crime and ASB	<u>Intended outcomes:</u> Dynamic and diverse local economy Vibrant town centres Improved performance/productivity of local economy Increased employment and income levels
<b>Impacts of Proposal</b>		
No direct impact	No direct impact	No direct impact
<b>Internal</b>		
<b>Effective Staff</b>	<b>Maintain or Improve Services</b>	<b>Firm Financial Footing over the Longer Term</b>
<u>Intended outcomes:</u> All staff are properly trained All staff have the appropriate tools All staff are engaged, empowered and supported The right people are in the right job with the right skills and right behaviours	<u>Intended outcomes:</u> Focusing on our customers' needs Continuously improve our processes Increase the digital provision of services	<u>Intended outcomes:</u> Better return/use of our assets Full Cost accounting Continued cost management Maximise income earning opportunities Seek best value for money

<b>Impacts of Proposal</b>		
The new Procurement Strategy removes unnecessary barriers and complexity from processes and procedures in order to obtain better value for money by encouraging a wider range of suppliers, especially small businesses, to bid for contracts .	The aim of this strategy is to set out a clear framework for undertaking procurement exercises throughout the authority, one which ensures best value through our external spend, and reflects and promotes the wider aims of the Council's Corporate Plan. The agreed strategy is aligned with the National Procurement Strategy for Local Government in England 2014.	Good procurement helps the Council achieve its priorities. If procurement is ineffective there will be less capacity, fewer goods, limited benefits, financial uncertainty and/or poorer outcomes

## 4.2 Supporting Strategies

Each strand of the FFF Strategy has several supporting strategies and the relevant ones for this proposal are explained below:-

- Procurement Strategy
- Code of Procurement Practice

## 4.3 Changes to Existing Policies

The proposals in this report do not propose any changes to existing policies.

## 5. BUDGETARY FRAMEWORK

- 5.1 Improved procurement practice helps to reduce the costs associated with undertaking procurement. The Code of Procurement Practice complements the Code of Financial Practice in ensuring that financial best practice is applied to the procurement of goods, services or works. Compliance helps protect the Council by minimising procurement risks, whilst ensuring best value is obtained. The actions to date from the Procurement Action Plan have all had a positive contribution to savings and efficiencies.

## 6. RISKS

Competitive procurement remains the cornerstone of the Council's procurement approach as this is considered to be the fairest way of awarding contracts and will deliver value for money for the Council and its community in the most transparent way. There may be circumstances where a direct contract with a sole supplier will be appropriate; however, no direct contracts will be placed where it will put the Council in contravention of the requirements of the Public Contract Regulations 2015.

<b>Risk Identified</b>	<b>Risk Management Actions Planned</b>
Procurement activity does not comply with the legal framework	All procurement activity is run through the Procurement Team with input from WCC Procurement/Legal as necessary

Results of procurement activity do not offer value for money	Continue to consider cost, quality and added value in all procurement activity with support from the Procurement Team.
Failure to follow the agreed Council Procedures and, as a consequence, not obtaining best value procurement	Wide circulation of 'reasons to meet the Rules' and provide advice to officers needing to use the Rules
Failure to follow EU procurement rules by not advertising in OJEU above a threshold.	Wide circulation of information relating to contract compliance, advice and service in placing requisite advert in OJEU for officers in service areas

## 7. ALTERNATIVE OPTION(S) CONSIDERED

7.1 No alternatives options are for consideration as this is a progress report

## 8. BACKGROUND

- 8.1 The Council spends approximately £35million a year on external contracts, which is split over 251 contracts.
- 8.2 Public sector procurement covers all Council expenditure and income to/from external bodies for the provision of goods, works and services. This includes private sector companies, providers from the Voluntary sector and also other Councils. Procurement activity undertaken by Public Sector bodies is governed by UK law through the Public Contract Regulations (2015) which in turn are fed into by the European Commission and EU legislation. In addition, most public sector organisations create their own Code of Procurement Practice to reflect how they will ensure compliance with both of these governing bodies.
- 8.3 Procurement encompasses the whole process of acquiring goods, services and works; from the initial concept and definition of the business need (commissioning), sourcing the right provider, management of the arrangements we put in place (contract management), and ultimately through to the end of the useful life of an asset or the end of the service. Sourcing is led by the in-house Procurement team which is made up of two Procurement Business Partners. The team also oversees compliance for the whole process, and offers support and advice to service areas for the devolved activities of commissioning and contract management.
- 8.4 In March 2019, a new Procurement strategy for the Council was agreed by Executive. The strategy maps out the Council's key objectives for the period of 2019-2023 to fulfil its vision to: "support the provision of good quality, affordable

services to our customers in accordance with the Council's identified priorities through a strategic, systematic and proportionate approach to procurement".

8.5 The key objectives are:

- To develop procurement from an operational process to a strategic activity.
- Support the council in delivering wider social value objectives and priorities.
- Ensure Council offers and elected members have the necessary knowledge, skills, tools and support to undertake effective procurement.
- Maximising procurement opportunities through effective collaboration.
- Maximise opportunities from effective contract management.
- Support the Council to meet its corporate objectives.
- Maximise trading opportunities for local business and SME's and support the voluntary and community sector.

8.6 To provide strategic support for Council procurement and provide resilience for the small in-house team (the two Procurement Business Partners), a shared service arrangement is in place with the WCC Procurement team until March 2023. This arrangement has been in place for 18 months, with a review due March 2020. WCC Procurement has provided to date: support in revising the Council's code of procurement practice and Procurement strategy, providing procurement awareness training, and leading on some high profile procurement activities e.g. Council HQ, Waste collection, Street cleansing and Grounds Maintenance. Going forward they will be: assisting in the review of Council procurement documentation, providing Contract Management training and Member's training, and will be the procurement lead for the Community Stadium and the Kenilworth leisure projects.

8.7 The Council's framework for spending and receiving money from suppliers for the provision of goods services and works includes the following:

- Legislation – from UK law and EU law
- Council constitution
- Code of Procurement Practice
- Code of Financial Practice

The structure implemented to deliver the above includes:

- Council in-house Procurement team with support of WCC Procurement
- Procurement Board (SMT, Assets Manager, WDC Procurement and WCC Procurement)
- Procurement Champions (Nominated Councillors)
- Finance and Audit Scrutiny Committee
- Executive
- Council