

 Executive 3 April 2019		Agenda Item No. 3
Title	Procurement Strategy and Review of Shared Service	
For further information about this report please contact	Mike Snow – 01926 456800 Rebecca Reading – 01926 456232	
Wards of the District directly affected	N/A	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No	
Date and meeting when issue was last considered and relevant minute number	Executive January 2018	
Background Papers		

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	No
Equality Impact Assessment Undertaken	N/A

Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	20/3/2019	Andrew Jones
Head of Service	20/3/2019	Mike Snow
CMT	20/3/2019	
Section 151 Officer	20/3/2019	Mike Snow
Monitoring Officer	20/3/2019	Andrew Jones
Finance	20/3/2019	Rebecca Reading
Portfolio Holder(s)	20/3/2019	Peter Whiting
Consultation & Community Engagement		
Insert details of any consultation undertaken or proposed to be undertaken with regard to this report.		
Final Decision?	Yes/No	
Suggested next steps (if not final decision please set out below)		

1. **Summary**

- 1.1 This report proposes a new Procurement Strategy for the period 2019-23.
- 1.2 Since April 2018, the Council has been in partnership with Warwickshire County Council for the provision of Strategic Procurement Support. The initial agreement was for 2 years, with a review after the first year.

2. **Recommendations**

- 2.1 That Executive recommend to Council to agree the Procurement Strategy 2019-2023, Appendix A.
- 2.2 That Executive notes the success of the Procurement Partnership for the first year, and agrees that the Partnership should continue for a further 4 years to 31 March 2023, subject to a further review being reported to Executive in 12 months' time.
- 2.3 That Members note the programme of work agreed with Warwickshire County Council at Appendix C.

3. **Reasons for the Recommendation**

3.1 **Procurement Strategy**

- 3.1.1 A new National Procurement Strategy was published in 2018 providing clearer guidance on strategic objectives that local authorities should focus on. In addition, increased scrutiny on environmental sustainability, in particular the increasing pressure to reduce single use plastics, needs to be reflected in the Council's procurement objectives and therefore requires the Council's Procurement Strategy to be updated.
- 3.1.2 The purpose of this report therefore, is to introduce a new Procurement Strategy 2019-2023 for the Council. The new Strategy will build on the successes of the previous Strategy by maintaining previous targets while expanding to include new targets identified by both the National Procurement Strategy and the new Council single use plastics policy. The challenges of supporting the local economy and delivering value for money remain as valid now as they were in the original strategy. However, to promote focus on key objectives; the new strategy has changed its format from the previous strategy, so that those key objectives are more clearly defined.
- 3.1.3 The new Strategy has been created by collaborating with WCC under the Shared Service arrangement for strategic procurement, as well as through consultation with the Council's Procurement Board, Procurement Champions Group, and SMT.
- 3.1.4 The proposed new strategy sets out the future direction of procurement within the Council and creates a framework for procurement which is aligned to the Fit For the Future and sustainability policies, as well as reflecting best practice and recommendations set out in the National Procurement Strategy for Local Government 2018.
- 3.1.5 The Corporate Procurement Strategy inter-relates with the Council's

Code of Procurement Practice. The proposed new strategy reflects new legislative requirements such set out in the UK Public Contract Regulations 2015.

- 3.1.6 The strategy also sets out the objectives that will enable improvements through Procurement, and also will lead to the mitigation of financial, commercial and legal risks.

3.2 Strategic Procurement Partnership

3.2.1 The Executive agreed in January 2018, to enter a partnership with Warwickshire County Council Procurement for two years from April 2018, with a review after the first year. These new arrangements were entered into following the Council's difficulty in recruiting and retaining senior procurement staff. As a consequence, there was the risk that the Council did not have the resources and expertise to provide procurement advice and support to all projects.

3.2.2 The Procurement Partnership with WCC entailed the Council retaining two procurement officers (Senior Procurement Business Partner and Procurement Business Partner), and having support from WCC in respect of strategic initiatives and significant projects. Alongside this, the WDC Procurement Team has been able to get additional advice and assistance on other projects throughout the year as and when required.

3.2.3 To enable the Partnership to work efficiently, it was important that the policies and procedures of both Councils were closely aligned. The most notable initiative here has been for the Council's Code of Procurement Practice (CoPP) to be reviewed. As a consequence, a new CoPP was agreed by Council in November 2018. This was a greatly reduced document (29 pages compared to the previous 43 pages), and was very much more strategic, setting out what needs to be done, not how things need to be done. The "how" is contained within the many supporting operational documents.

3.2.4 The WCC Head of Procurement has worked with the Council's Senior Procurement Business Partner to produce the proposed Procurement Strategy. In addition, he has supported and attended meetings of the Procurement Board, Procurement Champions and Finance and Audit Scrutiny Committee.

3.2.5 The projects specifically supported by Warwickshire County Council Procurement during 2018/19 include:

- Leisure Option phase 2 (Kenilworth)
- Covent Garden Redevelopment (construction and demolition)

3.2.6 To assist in the reviews of the shared service over the last year, views have been sought from managers across the authority with responsibility for contracts. This review was primarily carried out via "SurveyMonkey". In addition, views were sought from Heads of Service at the Procurement Board.

3.2.7 The responses received have been very positive. Officers appreciate the accessible in-house support from the WDC Procurement Team, and also the availability of more strategic or technical support from WCC. It should be noted that there is a minority of respondents that are not aware of the partnership.

- 3.2.8 Discussions have been held between the Head of Finance and WCC Head of Procurement to review the partnership. Both are very pleased with the progress and success of the partnership over the last year. As referred to earlier, having the main Codes aligned has greatly helped, even though the thresholds adopted by WDC are below those for WCC.
- 3.2.9 The projects worked upon by WCC have been fewer than anticipated. Several projects flagged up 12 months ago have not progressed to the stage of requiring any great input from WCC. In future, it will be necessary for officers to give more consideration of the timeline of projects so that Procurement resources (WDC or WCC), can better aligned.
- 3.2.10 The WDC Procurement Business Partners have benefitted from the professional advice and support from WCC. This has been particularly important given the lack of long term procurement experience of the team.
- 3.2.11 Appendix B includes the record of progress against the 2018/19 Procurement Action Plan as agreed by members in April 2018.
- 3.2.12 The operations over the last year have helped to “de-risk” procurement and encourage good procurement practice across the Council. However, further improvements are planned, notably in seeking to instil good contract management practices across the Council. During 2019 WCC Procurement will lead on Contract Management training for contract managers.
- 3.2.13 The Procurement Partnership was initially agreed for 2 years to 2020, with a 12 month review. Based on the first year’s success, it is proposed to extend the partnership to 2023. This will align with the period of the proposed Procurement Strategy. Given that the Partnership has only been in operation for a single year, it is proposed that a further review is undertaken and reported to Members in 12 months’ time.
- 3.2.14 Following the creation of the Partnership, a programme board of senior officers (WDC and WCC) was established to oversee the Council’s procurement progress. This board has agreed the programme of work for 2019/20 and can be seen at Appendix C. This programme is in effect the business plan for the coming year as it has considered the anticipated work and resources necessary to deliver the programme.

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 if any in relation to the Council’s FFF Strategy.

FFF Strands		
People	Services	Money
External		

Health, Homes, Communities	Green, Clean, Safe	Infrastructure, Enterprise, Employment
<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
Impacts of Proposal		
Good procurement practices should seek to ensure services meet the Council's priorities.	Good procurement practices should seek to ensure services meet the Council's priorities.	Good procurement practices should ensure the Council obtains value for money in the provision of its services.
Internal		
Effective Staff	Maintain or Improve Services	Firm Financial Footing over the Longer Term
<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
Impacts of Proposal		
The proposals are intended to provide a more resilient workforce and provide opportunities for staff development.	Good procurement practices should seek to ensure services meet the Council's priorities.	Good procurement practices should ensure the Council obtains value for money in the provision of its services and help secure financial savings.

4.2 Supporting Strategies

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

Procurement Strategy – The proposals should help to ensure that the procurement activities of the Council help to achieve the priorities and actions within the Procurement Strategy.

4.3 Changes to Existing Policies

The WDC procurement documentation is intended to more closely align with that of WCC, on the basis that is familiar to both WCC Procurement and Legal, and will reduce the amount of documents to be updated in the future. This also means the Council's Code of Practice will need to be amended and subsequently agreed by Council at a future date.

4.4 Impact Assessments

The proposals do not require any impact assessments to be undertaken.

5. Budgetary Framework

- 5.1 There should be no additional costs from agreeing the new Procurement Strategy. It is possible that within future contracts there may be additional costs. These will need to be addressed for each contract, prior to its agreement.
- 5.2 The financial implications for the Procurement Partnership for 2018/19 are set out below:-

Changes to cost of Procurement function from new Partnership Arrangement	Original Estimate	Latest Estimate
	£	£
WCC Procurement Support	45,000	25,000
Savings on WDC Procurement Team	-5,000	-5,000
Savings on WDC Legal	-20,000	0
Net additional cost of new arrangements	20,000	20,000

- 5.3 The costs of the procurement support from WCC is substantially below the sum allowed for within the Budget. This reflects fewer projects coming forward during the year that required WCC Procurement input than originally anticipated. It was anticipated that there would be savings on the Legal Services Shared Service, due to a reduction in need for Legal to advise on procurement issues, estimated at £20,000. Although, the new arrangements have enabled officers to move away from requesting advice on routine procurement matters due to the expertise provided by WCC and the increasingly knowledge of the Council's own Procurement Partners; overall, the cost of Legal Services has increased due to increased demand for their advice on other non-procurement issues.
- 5.3 From 2019/20, the net additional cost from the new arrangement should be retained within the agreed budget. Even with further large projects coming forward during the year (e.g. major works contracts for Green Spaces and Culture), it should be possible to keep the costs of WCC procurement within the £45,000. However, the risk that Legal costs cannot be reduced as originally anticipated remains, especially with continued demand upon their services relating to non-procurement matters. This will continue to be monitored throughout 2019/20, and reported to members within future Budget reports.

6. Risks

- 6.1 The Procurement shared service was intended to reduce the risks associated with non-compliance with good procurement practice. The main risks associated

with procurement can be cost overruns and the threat of legal challenge. This in turn may impact upon service delivery and reputational damage.

7. Alternative Option(s) considered

- 7.1 Members could choose not to agree the new Procurement Strategy, or to propose changes to it. The new Strategy is intended to provide clear objectives and priorities for the Council's procurement function and to align the Council with the National Procurement Strategy, with these objectives not being achieved if the new Strategy is not accepted.
- 7.2 The Council could revert to relying entirely on an in-house procurement team. This is not proposed due to the benefits over the last year from the new arrangements, and the increased risks than would be encountered in seeking to maintain an in-house team to provide the same level of overall service.

8. Background

- 8.1 Public procurement operates in a highly regulated environment that is governed by legislation and policies set by the European Union, nationally through statute and case law. The following national legislation applies to procurement:
- UK Public Contract Regulations 2015 (transposed from the EU Procurement Directives);
 - Public Services (Social Value) Act 2012;
 - Community Right to Challenge Regulations 2012;
 - Local Government Act 2000;
 - General Data Protection Regulations 2018; and
 - Small Business, Enterprise and Employment Act 2015.