

 Finance And Audit Scrutiny Committee		Agenda Item No. 4
Title	Procurement Progress update	
For further information about this report please contact	John.roberts@warwickdc.gov.uk Mike.snow@warwickdc.gov.uk	
Wards of the District directly affected	All	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?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		
Background Papers		

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	Yes
Included within the Forward Plan? (If yes include reference number)	Yes/No
Equality & Sustainability Impact Assessment Undertaken	No (If No state why below)
No assessment as this is a progress report.	

Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	1 ST March 2018	Andy Jones
Head of Service	1 ST March 2018	Mike Snow
CMT		
Section 151 Officer	1 ST March 2018	Mike Snow
Monitoring Officer	1 ST March 2018	Andy Jones
Finance	1 ST March 2018	John Roberts
Portfolio Holder(s)	1 ST March 2018	Cllr Peter Whiting
Consultation & Community Engagement		
Senior Management Team Procurement Champions		
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 2017/18.

2. RECOMMENDATION

- 2.1 It was agreed at the July 2010 Executive as part of the Procurement Strategy that Members would receive an annual update on the progress of procurement and the procurement strategy.
- 2.2 It is recommended that the progress across the procurement function over the past 12 months is noted.
 - Appendix One: Record of Progress against Procurement Action Plan 2017/2018
 - Appendix Two: Proposed Procurement Action Plan to achieve Strategic Procurement Objectives for 2018/2019
 - Appendix Three A: Procurement Activity from April 2017-March 2018
 - Appendix Three B: Summary of Contracts Register for live Contracts/agreements with a total value £5, 000 or more
 - Appendix Four : Key Performance Indicators - April 2017 - March 2018
 - Appendix Five: Warwick District Council's Progress towards National Procurement Strategy
 - Appendix Six : Contract Exemptions Permitted: April 2017 - March 2018
 - Appendix Seven: Procurement Tweets report

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. This is one of the actions within the Procurement Action Plan.
- 3.2 The Councils' combined expenditure is approximately £35 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 12 months supporting the delivery of a large number of procurement exercises for goods, services and works.
- 3.4 Significant progress has been made in improving the Council's procurement practice since the development of the current Procurement Strategy. Many elements of the strategy have been implemented and are now fully integrated as part of the Council's standard procurement processes.

3.5 Actions addressed in 2017/ 2018 include:

- The Procurement Rules and Guidance were reviewed to bring them in line with the latest legislative requirements as well as to streamline and simplify processes.
- Checks were made to ensure that the Council fully complies with the Public Contracts Regulations 2015;
- Checks were made to ensure that the Council maximises its use of suitable Framework Arrangements when acquiring goods and services;
- Steps were taken to make sure that procurement is a key consideration in projects from early stages.
- Work has continued to take place with Officers across the Council to develop outcome specifications which require a certain outcome rather than specifying inputs and outputs which are not overly restrictive and rely more on the expertise of the market. Used as appropriate, outcome specifications enable a more flexible and intelligent approach to procurement.
- Actively encouraged Sponsoring Managers and Officers to consider how to obtain social value in all tenders and to consider sustainability at the 'identify need' stage of the procurement cycle
- Promoted pre-market engagement with Small and Medium Enterprises and Voluntary, Charity, Social Enterprises through advertising tender opportunities via "Contracts Finder", Federation of Small Business, Coventry and Warwickshire Chamber of Commerce and the Council websites and provided support to Sponsoring Managers and Officers carrying it out.

3.6 Actions addressed in 2018/ 2019 are outlined in Appendix Two

3.7 The Key Challenges ahead for Procurement

- Ensure procurement is undertaken at the right level with the right people and relevant training
- Use technology and in particular eProcurement to support Organisational and behavioural change
- Make procurement a key management activity
- Involve Members in the procurement strategy so they provide leadership in embedding procurement excellence into the culture of the Council
- Comply with all legislation relating to procurement activity
- Develop partners and partnership working
- Stimulate markets and the Local Economy to be able to procure from a diverse and competitive range of suppliers including minority businesses, voluntary and community sector groups and SME's
- Enhance existing guidance and support offered to officers on procurement process/contract management
- Provide strategic procurement advice to major projects
- Provide procurement training for Members, Officers and Suppliers

3.8 The Federation of Small Business have presented Warwick District Council's Procurement team with an award as the Best 'Small Business Friendly' Procurement Policy for 2017

3.9 The current Procurement Manager is retiring in April 2018. The loss of expertise and experience will undoubtedly have an effect in the short term but plans are in place which will ensure the service continues to meet Council demand.

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
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		
No direct impact	No direct impact	No direct impact
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 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	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.
- 5.2 It is not anticipated that the outcome of "Brexit" will impact the UK procurement legislation in the short term.

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.

Risk Identified	Risk Management Actions Planned
Procurement activity does not comply with the legal framework	All procurement activity is run through the Procurement Team with input from 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
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7. ALTERNATIVE OPTION(S) CONSIDERED

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