

 <b>F &amp; A</b> <b>26<sup>th</sup> September 2017</b>		<b>Agenda Item No.</b> <b>6</b>
<b>Title</b>	Procurement Strategy half year update	
<b>For further information about this report please contact</b>	<a href="mailto:John.roberts@warwickdc.gov.uk">John.roberts@warwickdc.gov.uk</a> <a href="mailto:Mike.snow@warwickdc.gov.uk">Mike.snow@warwickdc.gov.uk</a>	
<b>Wards of the District directly affected</b>		
<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Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?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>	Yes
<b>Included within the Forward Plan? (If yes include reference number)</b>	Yes/No
<b>Equality Impact Assessment Undertaken</b>	No (If No state why below)

Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	11 <sup>TH</sup> September 2017	Andy Jones
Head of Service	11 <sup>TH</sup> September 2017	Mike Snow
CMT	11 <sup>TH</sup> September 2017	
Section 151 Officer	11 <sup>TH</sup> September 2017	Mike Snow
Monitoring Officer	11 <sup>TH</sup> September 2017	Andy Jones
Finance	11 <sup>TH</sup> September 2017	John Roberts
Portfolio Holder(s)	11 <sup>TH</sup> September 2017	Cllr Peter Whiting
Consultation & Community Engagement		
Senior Management Team Procurement Champions		
Final Decision?		Yes/No
Suggested next steps (if not final decision please set out below)		

## **1. SUMMARY**

1.1 This report is the bi-annual update to the Finance and Audit Scrutiny Committee to enable the Committee to maintain an overview the current work programme and continued developments within the Council's Procurement team during the financial year 2017/18 and to provide key performance indicators.

1.2 The following documents are attached:

- Appendix 1 ( Progress against Procurement Action Plan for 2017)
- Appendix 2 (Procurement activity From April – September 2017)
- §Appendix 3 (Summary of Contracts Register for live contracts with a total value £5k or above )
- Appendix 4 ( Key Performance Indicators )
- Appendix 5 (WDC's Progress towards National Procurement Strategy).
- Appendix 6 (Permitted Contract Exemptions April - September 2017)

## **2. RECOMMENDATION**

2.1 It is recommended that progress across the procurement function is noted.

## **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. The Procurement Strategy and Action Plan are attached to this report.

3.2 As described in this report, substantial changes to the Council's procurement Strategy, policy and procedures have been implemented and embedded in day-to-day working practices. Further developments are planned for 2017/ 18 to continue to enhance the capacity and capability to deliver good procurement outcomes. This will enable the Council to obtain better value for money by removing barriers in procurement processes and will also assist a wider range of suppliers, especially small businesses, to bid for contracts.

3.3 The 2017 -2019 Procurement strategy introduced significantly ambitious Objectives and Key Performance Measures. Focussed on the four themes contained within the strategy:

- Making savings
- Supporting local economies
- Leadership
- Modernisation

3.4 The action plan outlines the record of Progress against the Procurement Action Plan for 2017 and highlights the current developments in terms of Main actions and commitments, Progress to date and Strategic Outcome.

3.5 It is acknowledged that procurement is that the delivery of a high class procurement service requires appropriately skilled and experienced staff across the organisation. A new suite of training modules, ranging from a general overview to more detailed and specific instruction has been introduced and detailed below.

<b>Description</b>	<b>Who should attend</b>	<b>Anticipated dates &amp; times</b>
Elected Members Procurement Training	All WDC Councillors	To be agreed
Promotion of 2017 Code of Procurement Practice	Mandatory attendance for all Managers , Contract Owners and Staff who are involved in the procurement process ,other than writing purchase order	2 / 3 hour event (to take place in first week of October, November 2017, February & March 2018)
Launch of Contract Management Framework	Mandatory attendance for all Managers, Contract Owners and Staff who are involved in the contract management.	2 / 3 hour event (to take place say last week of September, October, November 2017, & February 2018)
Bite Sized Chunks– Part 1 is procurement basic skills (writing specifications, Pricing, quality questions, KPI's)	All Managers, Contract Owners and Staff who are involved in the procurement process, other than writing purchase order.  Mandatory for Staff who are responsible for managing procurement projects and all Personnel who participate in preparing tender documents, terms and conditions.	2 hour event (to take place first week in October, December 2017, January & February 2018)
Bite Sized Chunks– Part 2 is how to evaluate tenders over £50k & how to use the Procurement Manual	All Managers, Contract Owners and Staff who are involved in the procurement process, other than writing purchase order.  Mandatory for Staff who are responsible for managing procurement projects and all Personnel who participate in preparing tender documents, terms and conditions, participate in the tender evaluation, identification of successful Bidders, award of contracts and contract mobilisation.	2 hour event (to take place second week in October, December 2017, January & February 2018)

3.6 During the year, much of the substantial volume of tender documentation previously sent to suppliers for completion has been reduced, simplified or removed completely. A

key element of this initiative is to be the creation of a template for standard contract terms and conditions that will enable contracts to be easily adapted to suit the requirements of specific tenders. This will enable concise and relevant contracts to be issued with the invitations to tender. A further measure being taken to simplify the procurement process is a greater focus on forward planning and developing a better understanding of the market place for specific goods or services. An increased level of engagement with the business community has already been put in place and this is to be expanded and developed in order to create a better appreciation of all parties' drivers, constraints, risks and benefits.

- 3.7 Procuring officers are being encouraged to engage with suppliers at an early stage in the process so as to understand what the market is able to supply and to develop clear specifications. This will enable the publication of opportunities that are well defined and realistic, thereby reducing the time required for the preparation of tenders by suppliers and their evaluation by officers. Such early engagement will be managed in an open and transparent manner to ensure that any subsequent procurement process is seen to be fair.
- 3.8 Councillors Rhead, Barrott, Gifford and Quinney are currently the "Procurement Champions". The role of the group is to discuss the progress on the procurement action plan and to "champion" the procurement work that is on-going. The group will continue to support the Procurement team in ensuring that service areas that have a responsibility for contract management and for managing the contract life cycle including costs and complete their service area plans to reflect the future contracts renewal programme in a timely manner. Contracts registers will continue to be issued to all Heads of Service to ensure all contract information held on the register is up to date and accurate. These registers are considered by Finance and Audit Scrutiny Committee in turn. The Procurement team and Procurement Champions are keen to ensure that spend activity via the Total system is accounted for either by a contract / agreement in place or with a valid reason for the spend, in line with the Code of Procurement Practice / Code of Financial Practice
- 3.9 Considerable work has been undertaken to ensure that the Contract register is up to date and accurate. Heads of service and Contract Mangers are regularly informed of the status of current contracts and when activities need to commence to ensure that the whole process is carried out in a timely and compliant manner. This will be significantly supported once the Forward Procurement plans are in place.
- 3.10 The current contract register is in an excel spreadsheet format which does not lend itself easily to being updated and we are looking to implement a programme to review the format and identify any improvements which can be adopted.
- 3.11 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

## **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.

<b>FFF Strands</b>		
<b>People</b>	<b>Services</b>	<b>Money</b>
<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	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 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

Risk Identified	Likelihood	Impact	Risk Management Actions Planned
Failure to follow the agreed Council Procedures and, as a consequence, not obtaining best value procurement	Possible	Minor	Strategic and operational Procurement practices and procedures training to be delivered.  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.	Possible	Minor	Strategic and operational Procurement practices and procedures training to be delivered.  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