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|  <b>Finance and Audit Scrutiny Committee</b><br><b>30 October 2018</b>  |  | <b>Agenda Item No.</b><br><b>5</b> |
| <b>Title</b>  | Procurement Progress update – half year to 30 September 2018               |                                    |
| <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Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?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>  |  |                                    |

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| <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 &amp; Sustainability Impact Assessment Undertaken</b>          | 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                            | 17/10/18 |                    |
| Head of Service   | 17/10/18 | Mike Snow          |
| CMT   | 17/10/18 |                    |
| Section 151 Officer   | 17/10/18 | Mike Snow          |
| Monitoring Officer  | 25/9/18  | Andy Jones         |
| Finance   | 17/10/18 | Rebecca Reading    |
| Portfolio Holder(s)   | 17/10/18 | Cllr Peter Whiting |
| Consultation & Community Engagement                               |          |                    |
| Senior Management Team<br>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 six months to 30 September 2018.

## **2. RECOMMENDATION**

- 2.1 It is recommended that the progress across the procurement function over the past 6 months is noted.
  - Appendix One: Record of Progress against Procurement Action Plan 2018/19
  - Appendix Two: Procurement Activity from April 2018-September 2018
  - Appendix Three: Key Performance Indicators - April 2018 – September 2018
  - Appendix Four: Warwick District Council's Progress towards National Procurement Strategy
  - Appendix Five: Contract Exemptions Permitted: April 2018 – September 2018
- 2.2 That members note the progress to date on the Strategic Procurement Partnership with Warwickshire County Council.

## **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 £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 6 months supporting the delivery of a large number of procurement exercises for goods, services and works, including the Covent Garden re-development.
- 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 The appendices to this report detail progress on procurement during the year.
  - Appendix One: Record of Progress against Procurement Action Plan 2018/19. The Action Plan was agreed by members in April 2018.
  - Appendix Two: Procurement Activity from April 2018-September 2018. This appendix details the specific projects worked upon in the year, contracts being

re-let and new contracts awarded.

- Appendix Three: Key Performance Indicators - April 2018 – September 2018 – progress.
- Appendix Four: Warwick District Council's Progress towards National Procurement Strategy. This Strategy is set by the Local Government Association. The appendix details the work undertaken during the year which contributes towards the 4 main themes in the national strategy.
- Appendix Five: Contract Exemptions Permitted: April 2018 – September 2018 under the terms of the Code of Procurement Practice.

- 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.
- 3.7 Since April 2018 Warwickshire County Council Procurement Team has provided the following support and assistance to the Council:-
- Lead on certain key procurement projects, for example Covent Garden redevelopment.
  - Reviewed and prepared updated Code of Procurement Practice (see separate item on Executive agenda).
  - Attendance at Procurement Board and Procurement Champions meetings.
  - Advised the Council's Procurement Business Partners on high profile projects.
  - Supported the Procurement Business Partners' attendance at WCC Procurement Team meetings.
  - Contract Management Framework drafted, to be launched to Council officers in the Autumn. Training is being arranged with the Council's Learning and Development Officer.
- 3.8 Feedback from officers within the Council, including the Procurement Board, is that the new arrangements are working well. For the key projects for which WCC Procurement is taking the Procurement lead, officers are pleased with the support, challenge and advice being given. The WDC Procurement Team value having the experience and advice available to them, especially given their more limited experience. Their attendance at the WCC Team meetings has been particularly welcomed.
- 3.9 The Head of Procurement at WCC has advised that he has been pleased with how the partnership has worked. The level of additional work has been within their expectations. The additional variety of the work has been welcomed.
- 3.10 The main problems that have been encountered, which are not significant, have related to differences in practices and procedures between WCC and WDC. These are being addressed by the teams. However, the new Code of Procurement Practice and supporting documentation should enable more streamlined workings into the future.

## 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><br>Improved health for all<br>Housing needs for all met<br>Impressive cultural and sports activities<br>Cohesive and active communities   | <u>Intended outcomes:</u><br>Area has well looked after public spaces<br>All communities have access to decent open space<br>Improved air quality<br>Low levels of crime and ASB   | <u>Intended outcomes:</u><br>Dynamic and diverse local economy<br>Vibrant town centres<br>Improved performance/productivity of local economy<br>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><br>All staff are properly trained<br>All staff have the appropriate tools<br>All staff are engaged, empowered and supported<br>The right people are in the right job with the right skills and right behaviours | <u>Intended outcomes:</u><br>Focusing on our customers' needs<br>Continuously improve our processes<br>Increase the digital provision of services  | <u>Intended outcomes:</u><br>Better return/use of our assets<br>Full Cost accounting<br>Continued cost management<br>Maximise income earning opportunities<br>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       | 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 | 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 |

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| contracts . | of the Council's Corporate Plan . The agreed strategy is aligned with the National Procurement Strategy for Local Government in England 2014. |  |
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## 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 An additional budget was agreed by the Executive for the Strategic Procurement Partnership. To date (August 2018) charges from WCC to the Council amount to £14,300. An annual cost of £45,000 was originally allowed for, with some savings in WCC legal services anticipated. These budgets will continue to be closely monitored.

## 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                |

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| 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