

Report of	Meeting	Date
Chief Executive (Introduced by the Executive Member for Resources)	Executive Cabinet	14 th March 2019

JOINT PROCUREMENT STRATEGY 2015 TO 2018 PERFORMANCE REPORT & PROPOSALS FOR A NEW 3 YEAR JOINT PROCUREMENT STRATEGY

PURPOSE OF REPORT

1. This report sets out the performance achieved against the 2015 -2018 Chorley Borough and South Ribble Borough Councils Joint Procurement Strategy (JPS) and includes recommendations for a new refreshed 3 year JPS commencing 1.4.19 for members comment and discussion.

RECOMMENDATION(S)

- 2.1 that the contents of this performance report are noted
- 2.2 that the proposed refreshed Joint Procurement Strategy included at Appendix 3 is adopted

EXECUTIVE SUMMARY OF REPORT

3. Chorley and South Ribble Borough Councils have operated a shared procurement service as part of a wider financial and shared assurance service since January 2009. A joint procurement strategy was implemented later that same year.
4. The 2015 to 2018 Joint Procurement Strategy has now expired. This report therefore provides background and information as to the progress achieved so far, and provides the rationale for the proposed, refreshed Joint Procurement Strategy, included at Appendix 3.
5. The contents of this report were initially presented to the 7th February SSJC who approved the JPS being taken forward at both authorities.

Confidential report Please bold as appropriate	Yes	No
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Key Decision? Please bold as appropriate	Yes	No
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Reason Please bold as appropriate	1, a change in service provision that impacts upon the service revenue budget by £100,000 or more	2, a contract worth £100,000 or more
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	3, a new or unprogrammed capital scheme of £100,000 or more	4, Significant impact in environmental, social or physical terms in two or more wards
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REASONS FOR RECOMMENDATION(S)

(If the recommendations are accepted)

6. To set out procurement priorities and provide a clear framework, plan and direction on how to achieve these.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

7. To not renew the Joint Procurement Strategy. This would mean that the Council would not have clearly defined procurement priorities and would not have a clear framework, plan and direction on how to achieve these.

CORPORATE PRIORITIES

8. This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all	x	A strong local economy	x
Clean, safe and healthy homes and communities	x	An ambitious council that does more to meet the needs of residents and the local area	x

BACKGROUND

9. Chorley and South Ribble Borough Councils have operated a shared procurement service as part of a wider financial and shared assurance service since January 2009. A joint procurement strategy was implemented later that same year.
10. The 2015 to 2018 Joint Procurement Strategy (JPS) has now expired. Recommendations for a revised Strategy moving forward have been delayed pending publication of the new draft 2018 National Procurement Strategy and also to provide for, senior management and structure changes, in order to ensure effective consultation and buy-in to any new proposals moving forward.
11. The expired 2015/2018 JPS includes objectives and actions based on four Joint Procurement Priorities linked to the 2014 National Procurement Strategy (NPS) themes as listed below:

Joint Procurement Priority	2014 NPS Theme
Procurement that is effectively managed and monitored complying with relevant rules both internal and external	Leadership
Procurement that engages all buyers/commissioners, is market aware and delivers sustained competitiveness and value for money	Making Savings
Procurement that is inclusive, sustainable and socially responsible	Supporting Local Economies
Procurement that works with partners and suppliers to everyone's advantage and exploits the benefits of technology	Modernising Procurement

A copy of the 2015 -2018 strategy is attached at Appendix 2 for information.

12. This report sets out at Appendix 1 the performance achieved against the 2015 -2018 Strategy and includes recommendations for a new refreshed 3 year Joint Procurement Strategy commencing 1.4.19.

SUMMARY OF PROGRESS AND ACHIEVEMENTS

13. Significant progress and achievements have been made during the life of the Joint Procurement Strategy. Key achievements include:
 - Guidance, promotion and awareness across both Councils including presentation to SRBC Core Managers, and one to one and team sessions as appropriate.
 - Maintenance and promotion of useful guidance documentation including a quick reference Pocket Guide of the Procurement Process and a detailed more comprehensive Staff Guide to Procurement.
 - Development and publication of a Members Pocket Guide to Procurement.
 - Standard Conditions of Contract Pack including template sets of Conditions for various contract types together with user guidance, maintained and published in consultation with Legal Services at both CBC and SRBC and implemented across both authorities.
 - Template Quotation and Tender documentation maintained and used at both authorities to simplify the procurement process for both officers and suppliers
 - Management of the Chest e-procurement portal, including migration to Version 3.
 - Review and Update of Contracts Procedure Rules at both authorities including new requirements arising from the 2015 Public Contracts Regulations including Contracts Finder obligations, together with some additional practical updates to ensure the rules remain effective, clear, and fit for purpose, and minimising bureaucracy whilst maintaining effective control.
 - Use of national frameworks where appropriate to maximise efficiencies in the procurement process and take full advantage of collaborative opportunities e.g. insurance, vehicles, energy, construction, consultancy, agency staff, office stationary, Microsoft Licensing, ICT projects etc.
 - Delivery of several inter-authority collaborative procurement projects including insurance, PPE (Personal Protective Equipment), janitorial products, spring and summer bedding plants, consultancy etc.
 - Provision of valued professional procurement advice and support across both Councils from day to day general assistance to major procurement exercises and significant corporate projects including the major waste and recycling contracts at both authorities, several high value vehicle procurements, the Joint Insurance Tender, the ERDF funded Digital Office Park project at Chorley and various D & B of play schemes, building and regeneration works etc.
 - Achieving consistently high results in customer satisfaction surveys, including an excellent rate of 100% overall customer satisfaction in each of the last three annual surveys.
 - Consistent delivery of a high quality service with blended working across all service areas.
 - Detailed spend analysis carried out to identify a clear picture of procurement, establish procurement opportunities, and also areas where additional training may be required.

- Development at SRBC in consultation with IT, Legal and other colleagues of an e-workflow on Firmstep to process waiver of intermediate value Contracts Procedure Rule (CPR) requests, capturing required approvals and additional Finance and procurement comments. The system will provide a full e-audit history, and a fully searchable database of all waiver requests submitted through it. A similar system is already in operation at CBC.
- Significant procurement efficiencies achieved through the procurement process exceeding the £100,000 cumulative strategy target for each Council. The Procurement Team have been involved in a wide variety of procurement and tendering processes and, over the three year Strategy life procurement activity has generated efficiencies for both Councils as set out below. The vast majority of savings have been calculated by comparing the accepted tender cost with budget provision /pre-contract estimate or by comparing the accepted tender cost with the previous contract cost where the procurement is a contract renewal. Some savings have resulted in an actual budget reduction or have released funds to provide more for goods/ services/works.

Recorded procurement efficiencies for financial years 15/16, 16/17 and 17/18 achieved a cumulative total as detailed below.

- SRBC £2,091,947
- CBC £483,510

The significantly higher total achieved at SRBC is a result of the high annual savings achieved through the procurement of the waste partnering contract which resulted in a change of Contractor.

Significant savings in excess of £1.2 million per year (less £0.1 million mobilisation costs in year 1) have also been achieved in the recent procurement of the CBC waste contract and will be realised with effect from the commencement of the new contract with FCC from April 2019. It's worth noting that the new CBC waste contract will build further on CBC/ SRBC partnership working, generating efficiencies and savings for both authorities with a shared FCC Contract Manager, and with depot, servicing and maintenance facilities provided for both authority contracts from the SRBC Moss Side depot.

CURRENT POSITION AND MOVING FORWARD

14. Since the commencement of the Shared Procurement Service and the first Joint Procurement Strategy in 2009, many of the building blocks to an effective procurement service have been put in place including promotion and training, published guidance, awareness of social value and sustainable procurement, model documents, reviews of procedures and rules, a new financial system, e-tendering system and spend analysis. This has led to a gradual escalation of the procurement profile, and an improved culture and overall awareness of the importance of modern, best practice procurement processes, rules and procedures and relevant legislation. This in turn has resulted in an increased growth and demand for procurement support as more and more procurement opportunities are channelled through the Procurement Team.
15. As demand for the service has increased, resources within the shared Procurement team have become increasingly stretched and it is important that future plans and priorities recognise and take account of this. Moving forward we need to maintain and build on the achievements whilst continuing to be flexible and innovative taking advantage of new opportunities moving forward. This will require effective leadership, commitment and engagement at all levels to ensure that all officers are effectively aware, engaged and committed to their procurement responsibilities in delivering the Councils' respective corporate priorities and joint procurement priorities.

THE NEW 2018 NATIONAL PROCUREMENT STRATEGY

16. A new 2018 National Procurement Strategy (NPS) was launched in July 2018. The starting point for 2018 NPS is that councils are already well along the path set out in the previous 2014 NPS.
17. The 2018 NPS recognises that procurement is not just about compliance or tactical issues (these are a given necessity), but is a key tool in helping deliver corporate priorities and ambitions. This will require strong and effective leadership with best use of resources through partnership, working with all those involved in the procurement and commissioning process, budget holders, suppliers, the wider public sector and other stakeholders.
18. The NPS focuses on the three themes listed below which are broken down further into a number of key areas.
 - showing leadership
 - behaving commercially
 - achieving community benefits.
19. The NPS recognises that “a one size fit’s all” approach is not supported and it’s noted that district councils may, for example, have different objectives than larger Councils and that choices will naturally reflect local priorities and the resources available to the Council.

RECOMMENDATION FOR A NEW 3 YEAR JOINT PROCUREMENT STRATEGY

20. Councils continue to operate in a very challenging financial environment. Demands and expectations of local public services is rising, and cost pressures are increasing, yet government grant to councils has reduced markedly (by more than 49% in real terms since 2010 according to the National Audit Office). It is therefore vital that procurement is recognised and used as a key tool to deliver financial sustainability, corporate priorities and ambitions within this challenging environment, whilst supporting the local environment.
21. A new 3 year Joint Procurement Strategy commencing 1.4.19 is proposed and included at Appendix 3. The new proposed JPS is presented in a simple, visual format which is easier to read and has a more immediate impact clearly showing corporate priorities, joint procurement priorities and clear links to the NPS themes, which are seen as central to successful delivery.
22. Proposed Vision:
Supporting the delivery of quality, cost effective services, and the Councils’ corporate priorities, through strong leadership, innovation, and a strategic, commercially aware approach to modern, best practice and socially responsible, compliant procurement processes.
23. The Vision has been updated and the previous four Joint Procurement Priorities have been merged into three, maintaining and building on previous progress, with clear links to the NPS Themes which are clearly shown as central to successful delivery.
24. The proposed Strategy requires implementation of a Social Value Policy. It is proposed that this will build in and take account of the Modern Slavery Act, capturing the requirement to ensure the Council’s Contractors comply fully with the Modern Slavery Act, in line with

the Notice of Motion, presented and unanimously supported at the November 2018 Council meeting.

IMPLICATIONS OF REPORT

25. Delivery of the procurement strategy requires effective management of strategic risk and proactive engagement with strategic suppliers to mitigate risk, improve performance, reduce cost, and harness innovation.
26. This report has implications in the following areas and the relevant Directors' comments are included:

Finance	x	Customer Services	
Human Resources		Equality and Diversity	
Legal	x	Integrated Impact Assessment required?	
No significant implications in this area		Policy and Communications	

COMMENTS OF THE STATUTORY FINANCE OFFICER

27. Delivery of the Procurement strategy will support revenue generation opportunities and contribute to the achievement of the council's medium term financial strategy including targets for efficiency and contract savings

COMMENTS OF THE MONITORING OFFICER

28. The procurement activity of both Councils operates within and is compliant with, all relevant legislation.

GARY HALL
CHIEF EXECUTIVE

APPENDICES

Appendix 1 – Performance against 2015-2018 Joint Procurement Strategy

Appendix 2 – 2015 -2018 Joint Procurement Strategy

Appendix 3 – Proposed Refreshed Joint Procurement Strategy

There are no background papers to this report.

Report Author	Ext	Date
Janet Hinds	5622	27.2.19