

SHARED SERVICES JOINT COMMITTEE

THURSDAY, 7TH FEBRUARY, 2019, 6.00 PM

CROSS ROOM, CIVIC CENTRE, WEST PADDOCK, LEYLAND PR25
1DH

AGENDA

1 Apologies for Absence

2 Minutes of the Last Meeting

(Pages 3 - 6)

Held on Thursday, 6 September 2018 to be signed as a correct record.

3 Declarations of Any Interests

Members are reminded of their responsibility to declare any pecuniary interest in respect of matters contained in this agenda.

If you have a pecuniary interest you must withdraw from the meeting. Normally you should leave the room before the business starts to be discussed. You do, however, have the same right to speak as a member of the public and may remain in the room to enable you to exercise that right and then leave immediately. In either case you must not seek to improperly influence a decision on the matter.

4 Financial and Assurance Shared Services Annual Accounts 2017-18

(Pages 7 - 12)

Report of the Deputy Chief Executive (Resources and Transformation) / Section 151 Officer at South Ribble Borough Council attached.

5 Joint Procurement Strategy 2015-18 Performance Report and Proposals for 3 year Joint Procurement Strategy

(Pages 13 - 28)

Report of the Chief Executive of Chorley Council and the Deputy Chief Executive (Resources and Transformation)/Section 151 Officer of South Ribble Borough Council attached.

6 Exclusion of Press and Public

To consider the exclusion of the press and public for the following items of business on the ground that it involves the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972.

By Virtue of Paragraph 3: Information relating to the financial or business affairs of any particular person (including the authority holding that information).

7 Shared Services Update

The Chief Executives of South Ribble and Chorley Councils will provide a verbal update at the meeting.

Heather McManus
CHIEF EXECUTIVE

Electronic agendas sent to Members of the Shared Services Joint Committee Councillors Colin Clark (Chair), A Bradley (Vice-Chair), Paul Foster, Margaret Smith, Susan Snape, Matthew Tomlinson, M Boardman, A Cullens, A Morwood and P Wilson

The minutes of this meeting will be available on the internet at www.southribble.gov.uk

Forthcoming Meetings

6.00 pm Monday, 3 June 2019 - Wheel Room, Civic Centre, West Paddock, Leyland PR25 1DH



MINUTES OF SHARED SERVICES JOINT COMMITTEE

MEETING DATE Thursday, 6 September 2018

MEMBERS PRESENT: Councillor Alistair Bradley (Chair), Councillor Mary Green (Vice-Chair) and Councillors Alan Cullens, Graham Dunn, Alistair Morwood, Peter Wilson, Michael Green, Paul Foster, Susan Snape and Matthew Tomlinson

OFFICERS: Gary Hall (Chief Executive - Chorley Borough Council), Heather McManus (Chief Executive - South Ribble Borough Council) and Nina Neisser (Democratic and Member Services Officer)

APOLOGIES: Garry Barclay (Head of Shared Assurance Services)

OTHER MEMBERS: Councillor Caroline Moon (South Ribble Council)

18.19 Apologies for absence

Apologies for absence were submitted on behalf of Garry Barclay (Head of Shared Assurance Services).

18.20 Appointment of Chair and Vice Chair of the Joint Committee for 2018/19

RESOLVED – that Councillor Alistair Bradley (Chorley Council) be appointed as Chair to the Shared Services Joint Committee and Councillor Mary Green (South Ribble) be appointed as Vice Chair for 2018/19.

18.21 Minutes of the last meeting of the Joint Committee held on 11 January 2018

RESOLVED – That the minutes of the last meeting of the Shared Services Joint Committee held on 11 January 2018 be approved as a correct record.

18.22 Declarations of Any Interests

There were no declarations of interest received.

18.23 Confirmation of the Terms of Reference for the Shared Services Joint Committee

The Joint Committee were presented with the Terms of Reference for the Shared Services Joint Committee. The Terms of Reference had not been amended since their approval in September 2017 however as the Joint Committee had not met for some time and due to the nature of the items and the agreement to move forward, it was suggested that these be revisited and confirmed. Members were asked for their views.

Cllr Michael Green queried point 14. It was considered normal practice that voting would be on a simple majority and in the event of a tied vote, the Chair would have the casting vote. However, Members felt that the function of a casting vote was not deemed appropriate for this committee and in the interest of joint working it was requested that this be removed and an amended solution brought forward.

It was also agreed that the Terms of Reference be amended to explicitly state that two substitutes be appointed from both councils to replicate the constitution.

RESOLVED – That the Terms of Reference of the Shared Services Joint Committee be noted and the agreed changes be implemented.

18.24 Scoping of Three Contractual Models

The Committee considered a report presented by Gary Hall, Chief Executive of Chorley Council, which identified the specification for consultancy support for the Shared Services transformation. Both councils had previously agreed the structures to progress and subsequently the details and models of delivery going forward needed to be agreed.

Officers proposed to appoint an external consultant with experience in supporting the development of the new service in order to move forward at pace based on best practice for agreeing Shared Services. This would be a direct appointment in line with the framework. The independent consultant would undertake two pieces of work. It was anticipated that the first phase of the Shared Services and the opportunity assessment would be completed by December 2018, with the further work undertaken by March 2019 to tie in with corporate deadlines.

Members welcomed the independent approach and discussed the benefits of appointing an external consultant to help develop the service going forward. Figures were provided in regards to cost of the potential appointment; however officers agreed to update Members with a formal costing. This approach would be taken forward in line with each sovereign council's governance arrangements and council procedures.

In addition, officers advised that the existing Administrative Collaboration Agreement (SSA) between Chorley Council and South Ribble Council was signed in 2008 and was nearly a decade old. It had not been updated to reflect any shared learning or changes that had taken place in that period. It was advised that this be reviewed following the proposed extension to the Shared Services arrangement and the recent employment difficulties with a shared post.

Reviewing the document provided an opportunity to modify the existing document and ensure it meets the needs for the agreed changes. It would also need to include a process for further extensions.

The committee discussed the options available to deliver this which included appointing an external specialist firm for legal advice and sourcing from in-house legal teams. It was agreed that a hybrid approach was preferable; this would include a balance of both internal and external legal advice with evidence and information largely sourced internally followed by external advice and expertise. Members were mindful to avoid duplication.

RESOLVED;

- 1. to seek proposals and costs to appoint an independent consultant to advise/support the approach of the Shared Services transformation.**
- 2. to review the Shared Services Agreement using both in house delivery by each council's legal teams and the joint instruction of a specialist firm to draft.**

18.25 Shared Financial and Assurance Services Business Plan 2018/19

Gary Hall presented the report of the Shared Financial and Assurance Services Business Plan 2018/19 which provided an outline of the key achievements for 2017/18 and the priorities for 2018/19.

Business as usual continued to be well executed and the targets for the year, including the signing off of accounts, had been achieved by the statutory deadlines. Both councils were slightly down on supply but up on the ten day targets for payments. Members and officers were satisfied with performance in 2017/18 and celebrated a good audit service. It was agreed that the actual figures for 2017/18 be circulated.

The Joint Committee would receive update reports during the course of the year highlighting the actions taken to deliver the service priorities and performance targets specified in the Business Plan, culminating in a detailed Annual Report at the year end.

Members expressed staffing concerns in regards to internal audit. Officers advised that Dawn Highton (Principal Auditor) had left the authorities and the recruitment process to fulfil this post was taking place. In the interim Internal Audit was being monitored by Gary Hall. In response to concerns Members were reminded of the Statutory Finance Officer's responsibility to ensure sufficient internal audit and reassurances were provided that this would be maintained. It was agreed that an update be provided on this at the next meeting.

Heather McManus indicated that there was a Lancashire wide shortage in audit functions resulting in costs going up that were not sustainable. Following initial research on this it was proposed to produce a piece of work to address the issue.

RESOLVED – To approve the Business Plan for 2018/19

18.26 Date of the next meeting

It was agreed that the next meeting of the Shared Services Joint Committee would take place following the meeting of the Shared Services Appointments Panel proposed for the end of October.

Chair

Date

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REPORT TO	ON
Shared Services Joint Committee	7 February 2019



TITLE	REPORT OF
Financial and Assurance Shared Services Annual Accounts 2017-18	Deputy Chief Executive (Resources & Shared Services Transformation)

Is this report confidential?	No
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1. PURPOSE OF THE REPORT

This report contains the Accounting Statements and associated Governance and Internal Audit Statements for the year ended 31st March 2018 in preparation for the “light touch” audit inspection to be undertaken and reported to Joint Committee on 7th February 2019.

2. RECOMMENDATIONS

2.1 That members approve the 2017-18 Accounting Statements below.

3. EXECUTIVE SUMMARY

The outturn position for Financial and Assurance Shared Services is £1.604 million which represents an under spend of £0.051 million against the partnership budget.

4. CORPORATE PRIORITIES

The report relates to the following corporate priorities:

Excellence and Financial Sustainability	✓
Health and Wellbeing	
Place	

Projects relating to People in the Corporate Plan:

People	
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5. BACKGROUND TO THE REPORT

Members of the South Ribble and Chorley Councils Joint Committee previously approved the use of the Accounting Statements below as a means to providing transparency and inspection to its

financial arrangements. It was also agreed that the light touch inspection will be undertaken by the Internal Audit Team within Shared Assurance Services as part of their future Internal Audit Plans.

This approach has been successfully used for the 2015-16 and 2016-17 Shared Services accounts.

The statements below are based on actual expenditure incurred against cash budgets only; they do not include central overhead recharges.

6. PROPOSALS (e.g. RATIONALE, DETAIL, FINANCIAL, PROCUREMENT)

6.1 Accounting Statements for 2017-18 - Budget Outturn Statement

Description	Budget £	Outturn £	Variation £	Explanation
Employee Costs	1,443,000	1,440,827	2,173	On budget
Transport	11,000	10,329	671	On budget
Supplies & Services	64,000	53,238	10,762	Accumulation of small variances
LCC Audit Budget ⁽¹⁾	12,000	4,355	7,645	See ⁽¹⁾ below
Financial Management Information System ⁽²⁾	72,500	72,576	(76)	On budget
Financial System Projects ⁽³⁾	52,500	22,310	30,190	Financial System Projects are ongoing
Income	0	(37)	37	On budget
TOTAL	1,655,000	1,603,598	51,402	
Funded By:				
Chorley Borough Council		784,212		
South Ribble Borough Council		819,386		
Total Funding		1,603,598		

⁽¹⁾ Carry forward of the under-spend has been agreed to fund maternity cover within the Shared Assurance Team.

⁽²⁾ Carry forward of the under-spend has been agreed for completion of key Business Improvement projects.

⁽³⁾ Budget and actuals include carry forward from 2016-17.

6.2 Accounting Statements for 2017-18 - Outturn Allocation Statement

Description	TOTAL OUT-TURN £	CBC OUT-TURN £	SRBC OUT-TURN £	Explanation
Employee Costs	1,440,827	651,819	789,008	(1) The structure of the Management Accountancy Teams vary at each council. (2) Different pension Contribution and Deficit Recovery Rates (3) Secondment of Head of Shared Financial Services to Section 151 post at SRBC and subsequent staff changes to cover.
Transport	10,329	5,002	5,327	
Supplies & Services	53,238	29,463	23,776	(1) There are some differences in processes, e.g. company checks. (2) Cost of professional advice specific to each council, e.g. legal fees, consultancy fees.
LCC Audit Budget	4,355	2,178	2,178	
Financial Management Information System	94,886	53,726	41,159	(1) An adjustment is also made to take account of historic price agreements that have been rolled forward. (2) PCI-DSS upgrade implemented at CBC only.
Income	(37)	(19)	(19)	
TOTAL	1,603,598	784,212	819,386	

6.3 Annual Governance Statement 2017-18

We acknowledge that as members of *CHORLEY AND SOUTH RIBBLE SHARED SERVICES JOINT COMMITTEE* our responsibility for ensuring that there is a sound system of internal control, including the preparation of the accounting statements. We confirm, that to the best of our knowledge and belief, with respect to the accounting statements for the year ended 31st March 2018, that:

	Agreed -		'Yes' Means that the body:
	Yes	No *	
We maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	Yes		Made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.
Made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge. We took all reasonable steps to assure ourselves that there are no matters of actual or potential noncompliance with laws, regulations and proper practices that could have a significant effect on the ability of the body to conduct its business or on its finances.	Yes		Has only done what it has the legal power to do and has complied with proper practices in doing so.
We provided proper opportunity during the year for the exercise of elector's rights in accordance with the requirements of the Accounts and Audit Regulations.	Yes		During the year has given all persons interested the opportunity to inspect and ask questions about the body's accounts.
We carried out an assessment of the risks facing the body and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	Yes		Considered the financial and other risks it faces and has dealt with them properly.
We maintained throughout the year an adequate and effective system of internal audit of the body's accounting records and control systems.	Yes		Arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of the body.
We took appropriate action on all matters raised in audit reports.	Yes		Responded to matters brought to its attention.
We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on the body and where appropriate have included them in the accounting statements.	Yes		Disclosed everything it should have about its business activity during the year including events taking place after the year-end if relevant.

* Note: Please provide explanations to the auditor on a separate sheet for each 'No' response. Describe how the council will address the weaknesses identified.

7. CONSULTATION CARRIED OUT AND OUTCOME OF CONSULTATION

7.1 No consultation is required.

8. FINANCIAL IMPLICATIONS

8.1 The financial implications are contained within the body of the report.

9. LEGAL IMPLICATIONS

9.1 See comments of the Monitoring Officer.

10. COMMENTS OF THE STATUTORY FINANCE OFFICER

10.1 The detailed accounting transactions are contained within each Council's general ledger and are therefore subject to external audit inspection as part of the closure of accounts process. This includes the performance against the Shared Services budget within each Councils' budget and Medium Term Financial Strategy. As the statements above are held within each Councils' accounting systems, Shared Services has no separate bank account and does not hold any reserves.

11. COMMENTS OF THE MONITORING OFFICER

11.1 There are no concerns to raise from a Monitoring Officer perspective. The purpose of the report is to provide transparency with regard to our shared services arrangements.

12. OTHER IMPLICATIONS:

▶ HR & Organisational Development	<i>None</i>
▶ ICT / Technology	<i>None</i>
▶ Property & Asset Management	<i>None</i>
▶ Risk	<i>None</i>
▶ Equality & Diversity	<i>None</i>

13. BACKGROUND DOCUMENTS

There are no background papers to this report.

14. APPENDICES

There are no appendices to this report.

Tim Povall

Deputy Chief Executive (Resources and Shared Services Transformation)

Report Author:	Telephone:	Date: 28/01/2019
Hanne Harland / Jane Blundell	01257 515028 01772 625245	

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REPORT TO	ON
Shared Services Joint Committee	7 February 2019



TITLE	REPORT OF
Joint Procurement Strategy 2015 to 2018 Performance Report & Proposals for a new 3 year Joint Procurement Strategy	Chief Executive CBC & Deputy Chief Executive – Resources & Transformation (Section 151 Officer) SRBC

Is this report confidential?	No
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1. PURPOSE OF THE REPORT

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.

2. RECOMMENDATIONS

- 2.1 that the contents of this performance report are noted
- 2.2 that members note and comment on the new proposed refreshed JPS and agree that this be taken forward at both authorities initially through SMT/ LT, prior to submission for formal approval at each authority’s Executive Cabinet. It should be noted that consultation at SMT/LT may result in some subsequent minor changes moving forward.

3. CORPORATE PRIORITIES

The report relates to the following corporate priorities:

Excellence and Financial Sustainability	x
Health and Wellbeing	x
Place	x

Projects relating to People in the Corporate Plan:

People	
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Delivery of the JPS has clear links to delivery of the corporate priorities at both Councils and these are clearly shown on the proposed refreshed JPS included at Appendix 3

4. BACKGROUND TO THE REPORT

- 4.1 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.

The 2015 to 2018 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.

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.

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

5. PROPOSALS (e.g. RATIONALE, DETAIL, FINANCIAL, PROCUREMENT)

5.1 Summary of Progress and Achievements

Significant progress and achievements have been made during the life of the JPS. 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 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 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.

5.2 Current Position and Moving Forward

Since the commencement of the Shared Procurement Service and the first JPS 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.

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.

5.3 The New 2018 National Procurement Strategy

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.

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.

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.

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.

5.4. Recommendation for a new 3 year Joint Procurement Strategy

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.

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.

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.

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 shown as central to successful delivery.

6. CONSULTATION CARRIED OUT AND OUTCOME OF CONSULTATION

- 6.1 It is intended that this report be presented to SRBC Leadership Team and CBC Senior Management Team following SSJC comments. It should be noted that consultation at LT/CMT may result in some subsequent minor changes moving forward.

7. FINANCIAL IMPLICATIONS

Delivery of the Procurement strategy will consider revenue generation opportunities and contribute to the achievement of the Councils' targets for efficiencies, contributing to financial sustainability.

8. LEGAL IMPLICATIONS

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

9. COMMENTS OF THE STATUTORY FINANCE OFFICER (CBC)

- 9.1 Please see comments at paragraph 7 above.

10. COMMENTS OF THE MONITORING OFFICER (CBC)

- 10.1 Please see comments at paragraph 8 above. .

11. OTHER IMPLICATIONS:

<p>▶ HR & Organisational Development</p> <p>▶ ICT / Technology</p> <p>▶ Risk</p> <p>▶ Equality & Diversity</p>	<p>The refreshed procurement strategy will benefit and develop staff through the development and delivery of new procurement training on the Council’s e-learning platform</p> <p>Both Councils will continue to use and develop e-procurement solutions as appropriate/</p> <p>Management of risk is vital in any procurement project. 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.</p> <p>Equality & Diversity is considered and taken account of in the Councils’ procurement processes and template documents</p>
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12. BACKGROUND DOCUMENTS

There are no background documents to this report

13. APPENDICES

- Appendix 1 – Performance against 2015-2018 Joint Procurement Strategy
- Appendix 2 – 2015 -2018 Joint Procurement Strategy
- Appendix 3 – Proposed Refreshed Joint Procurement Strategy







Gary Hall, Chief Executive CBC
Tim Povall, Deputy Chief Executive – Resources & Transformation (Section 151 Officer) SRBC



Report Author:	Telephone:	Date:
Janet Hinds	01257 515622	30.1.19

Appendix 1: Performance against 2015-2018 Joint Procurement Strategy

Procurement that is effectively managed and monitored complying with relevant rules both internal and external



Our Priority Objectives
1. To ensure that governance arrangements set for the procurement partnership are effectively met and the commitments set out in the SLA are delivered.
2. To ensure that all procurement is in accordance with EU rules, the Council's Contract Procedure Rules and best practice procurement
3. The councils are effectively engaged with Procurement networks and PBO's and are aware of policy developments and procurement best practice
4. Recognition of the strategic importance of procurement and a commitment from the top





	Key Actions/Projects	Comments
	1. Provide professional procurement guidance and support on major procurements and other procurement projects.	Provided as required. Examples include waste and recycling, vehicles, grounds maintenance plant and equipment, works and regeneration projects, Chorley Digital Office Park, software and IT, insurance, consultancy, concierge services and many more.
	2. Keep updated, develop and review the range of procurement guidance information available and accessible to officers on SRBC Connect and CBC The Loop	Useful Pocket Guide to Procurement and more detailed Staff Guide to Procurement are maintained and updated. Recent updates include Safeguarding Section, CPR review, new EU thresholds, Prevent Duty and information on GDPR.
	3. Maintain up to date, template standard procurement documentation and Conditions of Contract to simplify the procurement process.	Template documentation for use on the Chest is maintained by the Procurement team and adapted for individual procurements. Template Conditions are also maintained and kept updated in consultation with Legal Services. Recent updates include incorporation of GDPR.
	4. Maintain /Achieve 50% professionally qualified procurement employees (FTE's) as a % of total procurement employees.	100 % Achieved. Both the Principal Procurement Officer and Procurement Officer are MCIPS qualified.
	5. Attend and contribute to regional events and other procurement networks to ensure visibility, input and awareness into developing policy and best practice	Members of the procurement team have attended various events including i-network, training events and Regional Chest meetings where these are considered relevant and useful and resources permit.
	6. Procurement officers to attend and take advantage of free face to face and e-learning on the new EU Procurement Directives.	This was a one-off event and was attended by the procurement team.

	Key Actions/Projects	Comments
	7. Regular reporting to the Shared Services Joint Committee	Completed through the routine performance monitoring reports
	8. Adopt a strategic commissioning approach where appropriate, to appraise new service delivery models and procurement and commissioning staff work together to ensure best outcomes for service users	<p>Commissioning can be defined as “Assessing the needs of the population in an area, designing and then securing the delivery of services’. Commissioning is therefore usually about securing services and has its origins in health and social care. At Chorley a commissioning approach was adopted for the commissions for advice service (covering debt), older people, children and families, community safety and vulnerable adults (women). This included completion of a needs analysis, with contracts designed and procured and monitored to ensure those needs are met.</p> <p>SRBC have, and are, carrying out extensive analysis and research in order to improve health and wellbeing which is a key priority and this work has led to the development of the Campus programme. Additionally the commissioning of the Young Persons Housing Advice Service and also the Floating support service was undertaken following the homelessness review in 2016 and the production of the new homelessness strategy in 2017.</p>

Procurement that engages all buyers/commissioners, is market aware and delivers sustained competitiveness and value for money



Our Priority Objectives
5) To contribute to the achievement of the Councils’ Targets for efficiencies
6) To deliver an efficient and effective joint procurement service which maximises efficiency for joint procurement, using a category management approach and taking advantage of collaborative working with partner organisations where appropriate.




	Key Actions/Projects	Comments
	9. Maintain a clear picture through procurement planning and spend analysis of the procurement landscape at both authorities to identify key action areas and collaborative opportunities	Spend analysis has been completed at both authorities and presented to ELT/SMT. The Transparency Contracts Register is circulated quarterly for departmental review and update prior to publication. Whilst this provides a prompt and alert to contract status, provision of procurement planning information from individual departments has been inconsistent. Work is now being planned and undertaken to create and implement a contract management system which will assist the planning process.
	10. Adopt a category management approach to make savings by maximising value from areas of spend.	Spend and supplier analysis has contributed to standardisation and grouping of products in some cases across both CBC and SRBC into collaborative single quotation activity e.g. Personal Protective Equipment, and

	Key Actions/Projects	Comments
		Janitorial products. Additionally all software and IT services contracts at SRBC have now been brought under the responsibility of IT for maximum value and control.
	11. Review and maximise the use of framework agreements and collaboration arrangements with other partners and PBO's where they are competitive, to deliver efficiencies and reduce duplication	Frameworks used extensively where they offer best value at both SRBC and CBC, examples include vehicles, IT software and services, stationary and wheeled bins.
	12. Work towards the achievement of a Procurement savings target of £100,000 cumulative savings per authority over the 3 year strategy life.	Savings target exceeded at both authorities.
	13. Ensure effective contract management of key contracts measuring contract outputs and key performance indicators to ensure competitiveness over the life of the contract	Contract management of key contracts is undertaken by individual Contract Managers at both authorities. Additionally, at CBC, performance of key partnerships is monitored, and performance against targets, together with an assessment of financial strength and any emerging issues, is reported annually to Executive Cabinet.
	14. Carry out an annual User Survey across both Councils to monitor satisfaction with the procurement service. Target 90% Satisfaction	100% satisfaction achieved in each of the last three surveys

Procurement that is inclusive, sustainable and socially responsible






Our Priority Objectives
7. To encourage a wide range of suppliers by removing barriers and improving access to our procurement opportunities.
8. To ensure that small firms are not unfairly excluded from bidding for council business.
9. To reduce the negative effect on the environment of the products and services we buy.
10. To gain maximum value from procurement through consideration and inclusion of economic, environmental and social value criteria in contracts


	Key Actions/Projects	Comments
	15. Balance local needs, environmental and social value factors with delivering value for money and ensure relevant procurement exercises incorporate sustainability as appropriate within the specification and evaluation criteria	Examples include vehicles, regeneration projects and services contracts.
	16. Consider how best to obtain social value in all services contracts above the EU threshold.	This is considered and incorporated as appropriate. Both Councils have also included social value criteria in other below threshold contracts.

	Key Actions/Projects	Comments
	17. Wherever possible and practical (within legal constraints), support local and third sector suppliers by encouraging them to engage in appropriate procurement exercises.	<p>A number of arrangements are in place to make the Council's procurement opportunities widely available and accessible to local suppliers, SME's and third sector providers including:</p> <ul style="list-style-type: none"> • publication of a Selling to the Council Guide, • use of the Chest e-tendering system (which is free of charge for suppliers) with information and a link to the Chest on the Council's web site. • inviting at least one local supplier (often more) wherever possible when inviting quotes. This is a requirement of both Councils Contracts Procedure Rules, <p>Additionally, during the life of this strategy the procurement team have attended and presented at a business event for local suppliers hosted by SRBC and have also provided information for a subsequent Central Lancs event.</p> <p>Examples of contracts with the VCFS sector include: SRBC : Provision of housing advice (Key), Interim, Accommodation (New Progress H.A.), A Place to Live (Methodist Action), Specialist Intensive support (Refugee Action), Sanctuary Scheme (Preston Care & Repair)</p> <p>CBC: Indoor Leisure (Active Nation), Handyperson services (Preston Care and Repair), Young person drop in service (Key), Support service for older people (Age UK), Children's & family support service (Home Start Central Lancs), Support service for vulnerable adults, women (Chorley Women's Centre)</p>
	18. Maintain an up to date Selling to the Council Guide and procurement area on the Councils' respective websites, providing simple and clear instructions on how to access procurement opportunities and signposting suppliers to the Council's e-procurement portal.	Published on both CBC and SRBC websites,
	19. Ensure that procurement mandatory Transparency requirements are adhered to including publication of a Contracts Register	Updated register published quarterly on both CBC and SRBC websites.

Procurement that works with partners and suppliers to everyone's advantage and exploits the benefits of technology

Our Priority Objectives
11.To increase efficiency and productivity and realise full benefits through the use of appropriate e-procurement solutions in procurement processes
12.To understand and take advantage of commercial opportunities and realise benefits from all funding streams including how contracts can be developed to generate income..

	Key Actions/Projects	Comments
	20. Issue all Tender and Quotations above £10,000 through the North West's regional e-procurement portal "The Chest"	Tenders and quotation above £10,000 have been published through the Chest portal in accordance with Contracts Procedure Rules. SRBC updated their CPR's with effect from 28.9.17 and at that point this threshold increased from £10,000 to £20,000 at SRBC only.
	21. Engage in the Cumbria led regional procurement to replace the current regional e-procurement portal framework	This was completed and a further 4 year contract with up to 4 x12 month extension options, was awarded for the Chest including migration to Version 3.
	22.Consider the potential for commercialisation and income generation from procurement activity where appropriate	A simple example is the charging for and generation of income from garden waste through the delivery of the main waste contracts. Also at Chorley, the procurement and expansion of Market Walk and construction of Primrose Gardens will generate income for the Council whilst providing services and benefits to the community. At SRBC the Council is working with its waste contractor to further develop the depot and servicing facilities to facilitate operation of both the CBC and SRBC contracts from there, sharing resources, reducing costs and generating additional income. The Council has also identified investment in commercial property as an opportunity to increase income, agreed an Investment Property Strategy and has procured expert external advice to identify investment opportunities. Additionally, the procurement to upgrade the civic centre to provide quality conference meeting and function space was designed to maximise income and experience from external customers in addition to facilitating internal meetings.
	23. Upgrade scanning software to introduce Automated Invoice Processing to automatically interface any e- invoices that are attached to e-mails (By 1.4.15)	The Scanning Software was upgraded in 2015, since implementation ALL electronic invoices are now processed automatically by emailing invoice attachments to Kofax the financial system interface
	24. Establish a baseline and target to increase the number of invoices received by e-mail (By 1.4.15)	This target has not been measured. The financial system does not differentiate how invoices are received (paper or electronic) and any recording therefore would need to be a manual process.

Key Actions/Projects		Comments		
	25. Achieve CBC/SRBC Combined PI Targets as per the Annual Shared Financial Services Business Improvement Plan of:	15/16	16/17	17/18
	*95% Payment by electronic means (BACS)	99.37	99.55	99.65
	*99% of suppliers invoices paid within 30 days	99.43	98.15	98.80
		16/17 & 17/18 were marginally under target due to a turn-over of staff in both the accounts payable team and key managers responsible for approving invoices. A change in personnel had an impact on those departments where there are high volumes of invoices e.g. property services. Progress to meet the targets were further hampered in 17/18 due to the Banking industries changes to account numbers and sort codes, a high volume of creditors changed their bank account details over a short period of time which led to an increase in fraudulent activity nationally, robust controls were in place to accommodate these changes		
	80% of suppliers invoices paid within 10 days	86.59	83.26	83.64
100% of remittances to suppliers by electronic means	95.32	95.96	98.25	Following a review within the creditors function it was decided that the dispatch of paper remittance advices (to creditors without e-mail addresses) strengthened system control by reducing the potential risk of using incorrect bank account details. The target was subsequently reduced to 95% to make allowances for the necessary dispatch of paper remittances as part of the accounts payable controls when dealing with a potential risk of incorrect bank details, for example creditors without an email address or a potentially incorrect email address

JOINT PROCUREMENT STRATEGY 2015/2018

VISION: To support the delivery of quality, cost effective services, and the Councils' corporate priorities, through a strategic approach to modern, best practice and socially responsible, compliant procurement processes.

JOINT PROCUREMENT PRIORITIES				
National Procure. Strategy Link	Procurement that is effectively managed and monitored complying with relevant rules both internal and external NPS Theme C : Leadership	Procurement that engages all buyers/commissioners, is market aware and delivers sustained competitiveness and value for money NPS Theme A: Making Savings	Procurement that is inclusive, sustainable and socially responsible NPS Theme B: Supporting Local Economies	Procurement that works with partners and suppliers to everyone's advantage and exploits the benefits of technology NPS Theme D: Modernising Procurement
Strategy Objectives	<ol style="list-style-type: none"> To ensure that governance arrangements set for the procurement partnership are effectively met and the commitments set out in the SLA are delivered. To ensure that all procurement is in accordance with EU rules, the Council's Contract Procedure Rules and best practice procurement. The councils are effectively engaged with Procurement networks and PBO's and are aware of policy developments and procurement best practice Recognition of the strategic importance of procurement and a commitment from the top 	<ol style="list-style-type: none"> To contribute to the achievement of the Councils' Targets for efficiencies To deliver an efficient and effective joint procurement service which maximises efficiency for joint procurement, using a category management approach and taking advantage of collaborative working with partner organisations where appropriate. 	<ol style="list-style-type: none"> To encourage a wide range of suppliers by removing barriers and improving access to our procurement opportunities. To ensure that small firms are not unfairly excluded from bidding for council business. To reduce the negative effect on the environment of the products and services we buy. To gain maximum value from procurement through consideration and inclusion of economic, environmental and social value criteria in contracts 	<ol style="list-style-type: none"> To increase efficiency and productivity and realise full benefits through the use of appropriate e-procurement solutions in procurement processes To understand and take advantage of commercial opportunities and realise benefits from all funding streams including how contracts can be developed to generate income.
Key Actions / Projects	<ol style="list-style-type: none"> Provide professional procurement guidance and support on major procurements and other procurement projects. Keep updated, develop and review the range of procurement guidance information available and accessible to officers on SRBC Connect and CBC The Loop Maintain up to date, template standard procurement documentation and Conditions of Contract to simplify the procurement process. Maintain /Achieve 50% professionally qualified procurement employees (FTE's) as a % of total procurement employees. Attend and contribute to regional events and other procurement networks to ensure visibility, input and awareness into developing policy and best practice Procurement officers to attend and take advantage of free face to face and e-learning on the new EU Procurement Directives Regular reporting to the Shared Services Joint Committee Adopt a strategic commissioning approach where appropriate, to appraise new service delivery models and procurement and commissioning staff work together to ensure best outcomes for service users 	<ol style="list-style-type: none"> Maintain a clear picture through procurement planning and spend analysis of the procurement landscape at both authorities to identify key action areas and collaborative opportunities. Adopt a category management approach to make savings by maximising value from areas of spend. Review and maximise the use of framework agreements and collaboration arrangements with other partners and PBO's where they are competitive, to deliver efficiencies and reduce duplication. Work towards the achievement of a Procurement savings target of £100,000 cumulative savings per authority over the 3 year strategy life. Ensure effective contract management of key contracts measuring contract outputs and key performance indicators to ensure competitiveness over the life of the contract Carry out an annual User Survey across both Councils to monitor satisfaction with the procurement service. Target 90% Satisfaction 	<ol style="list-style-type: none"> Balance local needs, environmental and social value factors with delivering value for money and ensure relevant procurement exercises incorporate sustainability as appropriate within the specification and evaluation criteria. Consider how best to obtain social value in all services contracts above the EU threshold. Wherever possible and practical (within legal constraints), support local and third sector suppliers by encouraging them to engage in appropriate procurement exercises. Maintain an up to date Selling to the Council Guide and procurement area on the Councils' respective websites, providing simple and clear instructions on how to access procurement opportunities and signposting suppliers to the Council's e-procurement portal. Ensure that procurement mandatory Transparency requirements are adhered to including publication of a Contracts Register 	<ol style="list-style-type: none"> Issue all Tender and Quotations above £10,000 through the North West's regional e-procurement portal "The Chest" Engage in the Cumbria led regional procurement to replace the current regional e-procurement portal framework Consider the potential for commercialisation and income generation from procurement activity where appropriate Upgrade scanning software to introduce Automated Invoice Processing to automatically interface any e- invoices that are attached to e-mails (By 1.4.15) Establish a baseline and target to increase the number of invoices received by e-mail (By 1.4.15) Achieve CBC/SRBC Combined PI Targets as per the Annual Shared Financial Services Business Improvement Plan of: *95% Payment by electronic means (BACS) *99% of suppliers invoices paid within 30 days *80% of suppliers invoices paid within 10 days *100% of remittances to suppliers by electronic means
<p><u>Lead Officer</u> Target 7: Head of Shared Financial Services, Targets 23, 24 and 25 Principal Systems & Financial Accountant All other targets: Principal Procurement Officer / Procuring Department(s)</p>				

* targets at 2014/15

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Joint Procurement Strategy 1.4.19 – 31.3.22

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.*

Joint Procurement Priorities



Chorley Corporate Priorities

An Ambitious Council that does more to meet the needs of its residents and the local area.

Involving residents in improving their local area and equality of access for all

A strong local economy

Clean, safe and healthy homes and communities

South Ribble Corporate Priorities

Excellence and financial sustainability

Health & Wellbeing

Place

How will we achieve the Joint Procurement Priorities?

Procurement that shows strong Leadership, engages all stakeholders, delivering outcomes and complying with relevant rules both internal and external

Procurement that exploits the benefits of Technology, is market & commercially aware, harnesses innovation, is effectively managed and delivers sustained competitiveness & value for money

Procurement that is inclusive, sustainable and socially responsible

We will:

Recognise the strategic importance of procurement, with councillors & senior managers effectively engaged with commercial and procurement issues.

Work as a single team across the Councils and with external partners, designing and implementing solutions on high value/high risk projects.

Deliver an efficient and effective joint procurement service which maximises efficiency for collaborative, compliant and best practice procurement

Work collaboratively internally and externally, taking advantage of framework agreements and collaborative opportunities where they offer best value, delivering efficiencies, timely solutions and reducing duplication.

Effectively engage with procurement networks, keeping abreast of policy development, procurement best practice, frameworks, collaborative and any other procurement opportunities available.

Maintain and publish procurement guidance documents.

Develop a procurement training programme on the Councils' e-learning platform (by December 2019)

Maintain 100% professionally qualified procurement employees as a total percentage of procurement employees.

We will:

Use appropriate e-procurement solutions in our procurement processes.

Contribute to the regional review/ procurement of the e-procurement portal .

Develop, implement and maintain a simple contract management system / contracts register providing a central repository for all contracts with email reminders at key review stages (SRBC by June 2019, CBC by April 2020)

Develop a robust management environment to ensure effective contracts and relationship management, minimising risk, managing delivery of outcomes and performance and ensuring competitiveness and effective control of cost over the life of the contract.

Engage with strategic suppliers to improve performance, reduce cost, mitigate risk and harness innovation

Consider revenue generation opportunities with high value/ high profile acquisitions / services examined for creating commercial opportunities.

Effectively manage strategic risk.

Contribute to the achievement of the Councils' targets for efficiencies contributing to financial sustainability.

We will:

Remove barriers and improve access to our procurement opportunities for SME and VCFS suppliers

Minimise any environmental impact of the products and services we buy where possible through innovative value for money solutions.

Gain maximum value from procurement through consideration and inclusion of economic, environmental and social value criteria in contracts where appropriate, balancing local needs, environmental and social value factors with delivering value for money.

Continue to deliver PI targets for payments

Comply with the Social Value Act

Develop and Implement a Social Value Policy by April 2020

Develop a reporting mechanism for local and/or regional spend by April 2019, and April 2020 for key contracts sub contracted spend

Record and measure, the number of procurement opportunities published through the Chest and seek to increase the number of bid(s) from local supplier(s).

Adopt and comply with the Tyred Campaign, ensuring tyres on our public vehicles are not older than 6 yrs.