

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>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>▶ ICT / Technology</p>	<p>Both Councils will continue to use and develop e-procurement solutions as appropriate/</p>
<p>▶ Risk</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</p>	<p>Equality & Diversity is considered and taken account of in the Councils’ procurement processes and template documents</p>

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

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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			