

TELFORD & WREKIN COUNCIL

CABINET – 24th JULY 2014

PROCUREMENT UPDATE

REPORT OF ASSISTANT DIRECTOR OF LAW, DEMOCRACY AND PEOPLE SERVICES

LEAD CABINET MEMBER – CLLR BILL McCLEMENTS

PART A) – SUMMARY REPORT

1. SUMMARY OF MAIN PROPOSALS

For Members to consider the update of the Council’s Procurement Intentions Documents, Social Value Policy and general progress with effective procurement

2. RECOMMENDATION

- 2.1 Cabinet to note updates on the Procurement Intentions Document (Appendix A) and approve delegation where required to the appropriate Officers to progress new procurements**
- 2.2 Cabinet to approve the Social Value Policy**

3. SUMMARY IMPACT ASSESSMENT

COMMUNITY IMPACT	Do these proposals contribute to specific Co-Operative Council priority objective(s)?	
	Yes	The Social Value Policy will inform the way officers consider the economic, social and environmental wellbeing of the borough in an appropriate and proportionate manner prior to and during commissioning and procuring services.
	Will the proposals impact on specific groups of people?	
	No	
TARGET COMPLETION/DELIVERY DATE	The Procurement Intentions Document is a live document regularly updated by SDMs throughout the year with updates to Cabinet every 6 months.	

	The Social Value Policy will be rolled out as part of the new Constitution delivery in early August 2014	
FINANCIAL/VALUE FOR MONEY IMPACT	Yes	The Council continues to face significant financial challenges as Government funding is cut. Savings of £75m have been identified since 2009/10 and projected budget shortfalls are around £10m-£13m per annum for the next 3 years. Procurement savings have totalled nearly £9m since 2009/10 highlighting that effective procurement is a key part of the council's Service & Financial Planning Strategy. The Procurement Intentions document and Social Value Policy both contribute to delivering value for money through procurement.
LEGAL ISSUES	Yes/No	<p>The Council has statutory duties to secure best value in the goods and services that it procures and, as is explained in the report has a further duty in respect of the Public Services (Social Value) Act 2012 to consult earlier when undertaking procurement activities to ensure that the best solutions are found and local businesses are better able to compete for the Council's business.</p> <p>The procurement intentions, Appendix A, is both transparent for all businesses to be able to see and prepare for forthcoming procurements that the Council will be undertaking but also is a transparent process to evidence appropriate delegations to officers to undertake these delegations on behalf of the Council in an efficient manner. The delegation sought in this report is for officers to be able to commence and complete the procurement activity detailed in Appendix A and for contracts to be executed, depending upon their value, either under seal or in writing and as such the decisions sought are key decisions.</p>
OTHER IMPACTS, RISKS & OPPORTUNITIES	Yes	The Procurement Intentions document can be published externally. This helps the Council's supply chain prepare for up and coming tender opportunities.

IMPACT ON SPECIFIC WARDS	No	
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PART B) – ADDITIONAL INFORMATION

4. INFORMATION

Procurement

- 4.1** In the last 6 months the Procurement Team has continued to support the Council in achieving value for money commissioning and procurement. Indicative savings to date include:

Supporting People	Full market engagement resulted in savings of £390k to be delivered over three years.
Taxi Framework	£184k saved which equates to 15% based on the last contract
Bus Contracts	£129k saved through an eAuction
Train Tickets and Hotel Booking	£2k saved by cancelling the Expotel contract and spot purchasing for the time being.
Bar services for the Place	Contract Value £33k with saving of 7% on last contracted prices.
Water Testing Services	Review of services and a full tender process resulted in a saving of £29k.
Day care Services	Reconfiguration of services provided a £12k saving with one provider.
eBay sales	£6.5k income generated through sales of redundant assets. Growing on a weekly basis. We are now the key reference site for other LAs.

- 4.2** There are hard cash savings but there is also a large amount of non cashable added value savings brought about by the team supporting a more proactive approach such as:
- Holding market sounding events to establish what solutions are out there to support us before the tender process starts,
 - Working with social workers to revisit care plans and negotiate more suitable care packages,

- Moving to outcome specifications to open up the supply chain for the supply of ICT services,
- Carrying out market research to establish if new technology can support our back office functions more effectively, as in the recent review of PSe the Councils human resource package,
- Service reviews and efficiency discussions with our top 4 care providers to see how, working together, we can reduce the overall costs of the service and keep quality provision,
- Working closely with the Voluntary sector to encourage them to access other non-council income streams to enable them to become self-sustainable in the future,
- Decommissioning services where the outcome is no longer being met or the need has changed,
- Aggregating small reoccurring building maintenance contracts to achieve volume saving but not putting them out of the reach of SMEs.
- Improved Performance and Budget Efficiencies were realised through working with the Market to inform the technical solution around the Jackfield Stabilisation Project.

- 4.3** The Procurement Service Delivery Specialist, Sarah Bass continues to attend the Telford Business Partnership and Telford Business Board, Business Environmental Support Team (BEEST) for Telford and Shropshire Business Cogs at Work to share the Councils procurement Intentions, support the market place in getting tender ready (not just for Public Sector tender but also for Business to Business), discuss social value and the Council's openness to engaging with the market place as well as the community and service users. Sarah is also the Social Value Champion for the Council, along with her Procurement Manager colleagues from the West Midland Councils, champions social value in the region.
- 4.4** An extract of the latest procurement intentions document attached at Appendix A details the procurement activity for the next 6 – 12 months. This is a live document regularly updated by SDMs with the current status of their projects. Some projects are still ongoing from the last update in January 14 and progress can be seen in the updated comments. All values are indicative and in all cases over £50k, the market place is informed of the value band of any subsequent contract so they are able to make a business decision as to whether to bid or not.
- 4.5** The highlights on the documents for this update are the Stop Smoking Services Procurement, the Children's Regional Residential Framework

Tender and the Managed Services to Temporary Agency Resources (MSTAR);

- Stop Smoking Services is a statutory duty for the Council. The new 2 year contract will have a maximum contract value of £555,000 p.a. The successful Provider(s) will only receive payments should they achieve 4 week and 12 week quit success on a Service User basis. Service Users will be tested (nicotine levels via breath test) to ensure they are not smoking at these times. An incentive payment for achieving over 20% quit at 6 months is included in the contract. No other payment outside of achieving the quits as described will be made to the Provider(s). It is anticipated that there will be savings arising from this use of payment by results. There is also a requirement for any bidders to explicitly refer to further cost savings that can be delivered for the duration of the contract if awarded.
- Sandwell Metropolitan Borough Council setup the Children and Young People Regional Residential Care Framework in 2012 for two years with the option to extend for further two years based on the Provider's performance. Regionally the decision has been taken not to extend but to go out to tender to test a new market. Sandwell MBC are drafting the service specification and terms and conditions and will be leading on the procurement process on behalf of other Council's. Following the contract award to the preferred providers each local authority will be assigned a number of providers whose contracts they will manage as the lead authority, whilst Sandwell Council remain the overall contract framework managers. This will ensure the contract management function is divided fairly between those local authorities party to the contract. The Council may use providers for which they are not the lead and will work closely with the lead Council to resolve any contractual issues.
- The Council currently has an agreement with Comensura through the ESPO MSTAR framework. There is an option to extend the agreement with Comesura for a further period. People Services closely monitor this contract and the use of agency workers to keep usage and off contract spend is kept to a minimum. The MSTAR agreement continues to offer best value and provides the Council with a quarterly rebate.

4.6 The way the Council procures will see a subtle change as the new EU procurement regulations come into force later in the year. The

Procurement Team is supporting this by promoting early adoption of some of the initiatives that are seen as good practice. These include:

- Market engagement prior to tender issue to ensure that what we are asking for is achievable, best value and will deliver the outcomes,
- Engaging supply chains at contract notice stage to help build local sustainability through potential employment opportunities and commercial growth.
- Advertising all requirements as widely as possible using unrestricted means such as social media
- Managing the tender process through an electronic portal.

All these processes ensure we get it right first time and the market and community can influence a value for money solution.

4.7 For the Solar Farm procurement, the Team broke with tradition. They told the market at the outset that we would be notifying our local supply chain who the key bidders were in the process so that they could proactively engage at the tender stage. This would enable them to consider the added value before submitting a tender rather than after they were awarded the contract. It's pleasing to see that this is actually now happening and the Team are seeing communication in the supply chain.

4.8 The new procurement rules are a key player in the rationalised Constitution. They will support Council Officers carry out cost effective procurement with a range of tools and techniques. These are part of a separate report going to Council Constitution Committee and Council in July for approval.

4.9 The Strategic Procurement Team continue to mobilise themselves to support areas where savings are a priority such as Social Care and ICT. In both areas the team are supporting the delivery of high value strategic contracts. The team Apprentice Julia Summers is also working above and beyond her grade by back filling substantive officers for three days in the Financial Case Management Team where they are tackling a substantial backlog of disputed contracts. Julia also championed her role in an interview with Radio Shropshire during Apprenticeship Week and represented the Council at West Midlands recruitment fair. Julia manages the day to day running of the Council's Government Procurement Card (GPC) project which sees 230 card holders (including schools) spending around £100k per month .

Social Value Policy

4.10 Under the provision of the Public Services (Social Value) Act 2012, the Council is required to consider how the economic, social and environmental well being of the borough might be improved through commissioning and procurement of its services. The Social Value Policy sets out the Council's aims in this regards and is attached at Appendix B
It sets out:

- the definition of social value,
- the broader context linking with the Councils priorities
- how social value will work in practice

4.11 It's proposed that the Policy will be rolled out with the new constitution throughout August and September 2014.

5. IMPACT ASSESSMENT – ADDITIONAL INFORMATION

6. PREVIOUS MINUTES

Procurement Intentions Document - CB-91

7. BACKGROUND PAPERS

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