

TELFORD & WREKIN COUNCIL

CABINET – 26th FEBRUARY 2015

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 and general progress with effective procurement

2. RECOMMENDATION

- 2.1 Cabinet to note the procurement updates in this report**
2.2 Cabinet to note the Procurement Intentions Document (Appendix A) and where indicated, approve delegation to the appropriate officers (as per the Contract Procedure Rules) to progress new procurements through the tender process to contract award.

3. SUMMARY IMPACT ASSESSMENT

COMMUNITY IMPACT	Do these proposals contribute to specific Co-Operative Council priority objective(s)?	
	Yes	Best value procurement in line with the Contract Procedure Rules promote engagement of local suppliers and stakeholders
	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.	
FINANCIAL/VALUE FOR MONEY IMPACT	Yes	The Council continues to face significant financial challenges as Government funding is cut. Ongoing savings of £70m have been made since 2009/10 and total

		savings are expected to be in excess of £100m by 2018/19. Procurement savings have totalled nearly £9m since 2009/10 with a further £2.4m identified in the 2015/16 budget strategy, highlighting that effective procurement is a key part of the council's Service & Financial Planning Strategy. The Procurement Intentions document contributes to delivering value for money through procurement.
LEGAL ISSUES	Yes	The procurement intentions document, 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. The delegations sought in this report are 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 under hand and as such the decisions sought are key decisions.
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	

PART B) – ADDITIONAL INFORMATION

4. INFORMATION

- 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:

Docs on Line module	£81k through reduction in throughput and better prices. See 4.4 for information as to how this has contributed to an overall £174K negotiated saving in the Northgate Contract
Stop Smoking Contract	The savings achieved two years ago have been increased by a further £30k in the latest round of tendering.
Domiciliary Care Framework	Base prices are now all below £14 per hour as opposed to an average of circa £16 per hour. Work is currently ongoing in establishing overall savings achieved
Medical Detoxification	Estimated savings of £135k for 14/15 with ongoing savings year on year.
eBay sales since Jul 14	£700 through sales of books and logs. We are also supporting BRJ School with sales of surplus equipment as they prepare to move.

4.2 There are cash savings but there is also a large amount of non cashable added value savings brought about by the team considering our Social Value duty and supporting a more proactive category or market sector approach prior to and during contracts ;

- Holding supplier engagement events to establish what solutions are out there to support us before the tender process starts. These have been very well received in the social care and public health sector; have led to much wider market engagement and developed better value services.
- Holding service user events and consultation to help shape better outcome service contracts.
- Working with key Suppliers in social care to revisit care plans and negotiate more suitable care packages,

4.3 An extract of the latest procurement intentions document attached at Appendix A details the anticipated 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 July 14 and progress can be seen in the updated comments. All values are indicative. In all cases detailed, social media

and our webpage are used to market opportunities to encourage local business to bid as well as national organisations.

4.4 The highlights on the documents for this update are the Clinical Support – Substance Misuse, Revenue and Benefits System Contract and the Stop Smoking Services contracts

- Currently in the early stages of the commissioning and tender process for substance misuse services (i.e. clinical support for Drug Alcohol Recovery Service (DARS) and service to provide counselling support, carer support and recovery support for substance misusers) and will be commencing stakeholder/user consultation imminently to be able to develop a robust service specification. Intention to Tender late January 2015 to Early February 2015. Currently proposing contract lengths 3yrs+2yrs+2yrs at circa £2.9m
- The Council has been in contract with its current Revenue and Benefits System provider, Northgate since it became a Unitary Authority. Northgate are one of only a handful of providers of these types of systems to Councils across the UK. To ensure we are achieving best value and can meet the coming benefit legislation changes, ICT and the Revenue and Benefits Team will be carrying out a full review of internal processes and associated ICT need over the next two years. This will then allow us to review the relationship with Northgate and consider our procurement options for the coming years. Cabinet are asked to note that whilst the review takes place the council must secure a best value deal with Northgate which will mean fixing in contract with them until 2019. Contract prices offered for this fixed period have been negotiated to deliver a saving of £174k over four years. Northgate also provide an IT solution for management of customers' calls relating to public realm issues specifically residual waste. This fixed term period will also ensure that this system remains in place until Veolia take over the full service in 2019
- Stop Smoking Service is a statutory duty for the council. The Council has undergone procurement of two services; Stop Smoking Core contract and Stop Smoking in Pregnancy contract. Savings achieved from this are detailed at 4.1. Both Contracts have a combined maximum value of £555,000 p.a. Cabinet are asked to note that both contracts are for the duration of 2 years with the option to extend the contracts for up to a further two years subject to satisfactory performance and funding.

- 4.5 The Council continues to be proactive in the way it procures. The last three months have seen three high profile supplier and user market engagements sessions for Public Health and Care and Support Services. These were welcomed by stakeholder parties and it certainly led to smoother tendering and evaluation processes as well as more satisfied suppliers and better outcome based contracts.
- 4.6 During the procurement for the Solar Farm, we actively promoted sub contractor opportunities in our local market sectors. A number of sub contracts were won by local suppliers but in general the feedback was that our local businesses did not have the current capacity to fulfil the contracts they were being asked to quote for. In most cases the market reported that they simply didn't have the capacity to undertake the work due to full order books. Whilst this is good news for some it does mean that we still need to ensure we notify the market at the earliest possible opportunity of any major projects which could lead to subcontractor involvement to allow suppliers to resource as required.
- 4.7 The Strategic Procurement Team continue to mobilise themselves to support areas where savings are a priority. This is not only internally but externally as our Procurement Assistant is currently seconded to Shropshire Fire and Rescue one day a week to support best practice procurement.

5. **IMPACT ASSESSMENT – ADDITIONAL INFORMATION**

6. **PREVIOUS MINUTES**

Procurement Update CB-25 24 July 2014

7. **BACKGROUND PAPERS**

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