

TELFORD & WREKIN COUNCIL

CABINET – 10th DECEMBER 2015

PROCUREMENT UPDATE

REPORT OF ASSISTANT DIRECTOR OF LAW, DEMOCRACY AND PEOPLE SERVICES

LEAD CABINET MEMBER – CLLR LEE CARTER

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 and contract management

2. RECOMMENDATIONS

2.1 Cabinet to note the procurement updates in this report

2.2 Cabinet to note the Procurement Intentions Document (Appendix B) 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 at a minimum	
FINANCIAL/VALUE FOR MONEY IMPACT	Yes	The Council has made ongoing savings of just over £80m since 2009/10. The delivery of future cuts will become increasingly challenging as local government continues to face Government funding reductions and it is likely that front line services will be impacted. Delivering savings through effective

		procurement is therefore an important feature of the budget strategy with over £11m being identified since 2009/10 and further savings being considered as the 2016/17 strategy is being developed. Active contract management also ensures continued value for money is achieved through the life of contracts. Improving social outcomes through the procurement process could also lead to reduced demand on services and potentially lower costs.
LEGAL ISSUES	Yes	The procurement intentions document, Appendix B, 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 B and for contracts to be executed, depending upon their value, either under seal or under hand and as such the decisions sought may be key decisions. All contracts must comply with relevant EU requirements as well as provisions contained within the Council's Contract Procedure Rules. In addition, service contracts must comply with the provisions contained in the Public Services (Social Value) Act 2012. Each procurement will need to follow due process in accordance with the Council's constitutional internal and legislative requirements, with advice from Strategic Procurement Team and Legal Services, if appropriate.
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 This update report focuses on the Council's drive to increase the social value in our contracts and to embed robust contract management
- 4.2 The Council's social value policy states that we should consider wider social value in all our contracts where it is proportional and relevant. So that means considering the wider impact of People, Profit and Planet. At the outset of commissioning and

procurement, Officers are encouraged to consider how social value could link directly to our priorities and support demand management. For example, the following questions can be asked in tenders which are far more targeted:

- *The Council has identified the two following aims for delivering social value through this contract:*

To improve the life chances for Young Offenders and Care Leavers – what opportunities can you provide to support this e.g. work experience and mentoring etc?

Improving residents critical skills and employability – what opportunities can you provide to support this particularly through involvement of local suppliers within your supply chain?

- *The Council is keen to ensure that its procurement is sustainable:*

Please provide evidence to show how you work to minimise the risk on the environment and manage your CO2 reduction and how this will be managed on this contract?

What processes do you have in place to manage your supply chain with regards to prompt payment of subcontractors and local sourcing strategies and how will these be utilised in this contract?

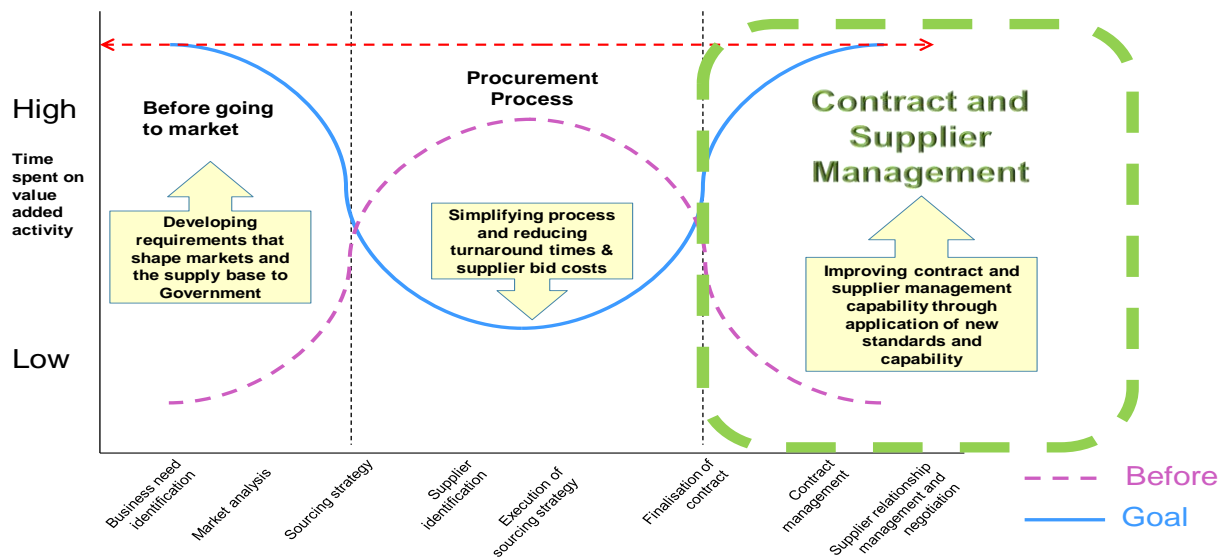
- *The Council has a duty to consider social value as part of its contracts*

In addition to the service itself, what added social value will you be able to bring to the borough or local community whilst carrying out this contract?

4.3 The results will be that officers can measure the social value return on investment and hold suppliers to account. Contracts can, where relevant, link into specific priorities help the Council reduce demand for services. Where pre market engagement with communities and suppliers has identified social value options, these can also be included. Social Value is mandated for service contracts only over EU thresholds but the Council's strategy is to consider it for any procurement based on relevance and proportionality. This was the case with a £4m works contract which currently out to tender with questions around CO2 reduction, supply chain and social value. The result will be a contract that delivers improved road infrastructure on time and within budget with a reduced CO2 cost to the environment and added benefit to the local economy and residents through a wider remit. Although the emphasis is to get social value established at the outset of commissioning a service, holding a supplier to account through contract delivery ensures there is a measurable output.

4.4 The way we procure has changed dramatically over the last two years. The diagram below shows the direct of travel; the Council is carrying out more pre market engagement, less complex procurement methods and exploring increased opportunities for continued added value through contract management.

Contract Management – Part of our DNA



- 4.5 The Council's contract register details all active contracts over £10k that requires contract management. The level of contract management will vary from simple checking of invoices against service delivery to dedicated contract monitoring with supplier and relationship management. Every contract must have some degree of contract management.
- 4.6 In response to the Procurement Audit Report (Sept 15) The Procurement Task Force¹ is leading on a council wide review of contract management. The initial focus will be ensuring that robust contract and relationship management processes are in place to manage the Council's top 20% of contracts. Attached at Appendix A is a list of active contracts along with the suppliers and, as expected, the top 20% make up around 80% of the Council's total contractual expenditure.
- 4.7 Effective contract management delivers value and savings through the life of the contract which builds on the savings achieved as a result of the procurement itself. Evidence of this happening over the past few months is:
- Savings of £100k achieved through working with a supplier to review the service being provided and agreeing a more streamlined approach.
 - £35k has been saved by reviewing a contract and removing an insurance no longer required
 - Defaults notices are being issued to suppliers where performance is not in accordance with the contract. These are subsequently resulting in service credits being paid back to the Council as well as improved service outcomes.
 - Suppliers are increasingly offering discounts for early payment terms at the outset of a contract and during its term where possible

¹ Consists of a representative Service Delivery Manager for each Service Area

- A new Contract has been let for Temporary Agency Resources with Matrix. Savings will be achieved through reduced managed service costs but it should be noted that savings are dependant upon levels of spend and the Council will actively be seeking to reduce spend on agency workers in coming years.

4.8 The latest Procurement Intentions Document attached at Appendix B, details the anticipated procurement activity across the Council for the next 6+ 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 to Cabinet in June 15 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.

5. **IMPACT ASSESSMENT – ADDITIONAL INFORMATION**

6. **PREVIOUS MINUTES**

Procurement Update CB-8 25th June 2015

7. **BACKGROUND PAPERS**

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