

TELFORD & WREKIN COUNCIL

CABINET – 19 APRIL 2018

PROCUREMENT UPDATE

REPORT OF ASSISTANT DIRECTOR: GOVERNANCE, PROCUREMENT AND COMMISSIONING

LEAD CABINET MEMBER – CLLR L D CARTER

PART A) – SUMMARY REPORT

1. SUMMARY OF MAIN PROPOSALS

A regular report for Members to consider the update of the Council’s Procurement Intentions Document and update them on the latest information regarding effective procurement and contract management

2. RECOMMENDATION

- 2.1 Cabinet to note the procurement updates in this report
- 2.2 Cabinet to note the Procurement Intentions Document (Appendix 1) 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

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| 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 4 to 6 months dependent upon activity. | |
| FINANCIAL/VALUE FOR MONEY IMPACT | Yes | The focus of this report is on the potential to use grant awards as a methodology to improve outcomes and potentially lever in additional funding. There are no specifically identifiable financial implications arising from adopting the recommendations in this report as far as pursuing grant awards where these are within the approved Council budget. The Appendices set out the current |

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| | | <p>known procurement processes being undertaken or to be undertaken. The award of contracts should be within the approved budgetary framework and in accordance with financial strategy. The medium term strategy includes the Council pursuing ongoing savings, with £110m being delivered since 2010 (to 2017/18) with further savings of £30m required by the end of 2020/21. The delivery of future cuts will become increasingly challenging as local government continues to face Government funding reductions. Delivering savings through effective procurement is therefore an important feature of the budget strategy with over £11.6m being identified over the last 8 years. 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.</p> <p>RP 21.3.2018</p> |
| <p>LEGAL ISSUES</p> | <p>Yes</p> | <p>The procurement intentions document, Appendix 1, 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 1 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 or electronically if part of the trial referred to in the report.</p> <p>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.</p> <p>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.</p> <p>The Council will utilise resources for permitted purposes as set out in the Procurement Plan and will construe its behaviour against Constitutional standards of financial probity and stringent financial planning and financial risk management as well as</p> |

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| | | risk and equality impact assessments and procurement requirements, which may impact delivery of outcomes. MG 140318 |
| OTHER IMPACTS, RISKS & OPPORTUNITIES | Yes | The Procurement Intentions Document is 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 Council wide procurement continues to drive savings through robust competitive tendering and real time negotiation when brokering services. Savings and additional savings are now directly linked to each area's cost improvement plan and reported through Service and Financial Planning.
- 4.2 As we continue to re think and re imagine the way we procure services and work with neighbourhoods to support their communities, we need to consider the various options available to us. The default position has generally been to carry out a tender and let a contract for services. Where a contract is in place, there is a general assumption that the service will always be council led through a managed contract. Another way in which community services can be supported is via a grant agreement.
- 4.3 We currently issue a variety of grants to support our neighbourhoods on their journey to self-sufficiency with less reliance on public funds and we do this in several ways:
- To 'Pump Prime' projects for example, we use the Better Care Fund Annual Grants process to encourage organisations to bid for funding for specific projects that will reduce dependency on public services and build resilient communities. This year we have received new applications from groups setting up mental health projects. All bids must show how the grant will be used to deliver outcomes and how, at the end of the project, it will become self-sustainable.
 - To facilitate providers 'levering in' funding from external sources, e.g. grant-making bodies, in order to greatly enhance the effectiveness of the project. Grants should not simply be used for providers to acquire external funding as this would probably be more akin to a contractual arrangement but help match funding for specific projects.

- For new and innovative projects with an example being a grant to work with individuals who have a challenge with regards hoarding. This can then be used to 'lever in' funding as above in an aim to become sustainable.
- 4.4 We currently have grant opportunities available for the Community Building and Facilities Legacy Fund, Capacity Building Grants – Get Started and Develop and all these will offer another option for the council to use its resources wisely to more easily support our growing communities. Grants can be directly awarded or a competitive processes can be run if many ideas and projects are being presented. Where a competition is invited, evaluation criteria is shared with bidders at the outset so they fully understand what is required, how and who will review their bids. The procurement team manage a grant register as alongside our contracts register and this is also published externally to meet our transparency duty.
- 4.5 There are some consideration when issuing grants;
- We must consider if State Aid Rules¹ apply should the grant exceed more than 200,000 Euro (£176k) during any consecutive 3 years. Officers work with our legal team to apply the State Aid test²in these cases.
 - There also many be a need to pass down grant conditions imposed by a grant making body such as expenditure with a particular client group or spend within a set period of time and the council will be audited to check these conditions were met.
 - There are no hard and fast rules on when to use a grant or carry out procurement, in each case we must consider the NAO³ guidelines of exploring the state of the market, desired future state of the market, capacity building and enforceability.
 - A grant is provided on conditions aimed at ensuring the proper application of the grant funds, but not in return for anything.
 - A council contract involves the provision of goods, services or outcomes, directly in return for payment representing the price of the relevant goods, services or outcomes. Terms and conditions of a contract regulate the exchange of services for payment.
- 4.6 When commissioning services, all council officers should consider if procurement is the right route to achieve the outcome required and what other options are available which could facilitate communities, micro providers, and voluntary

¹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/443686/BIS-15-417-state-aid-the-basics-guide.pdf

² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/582049/state-aid-self-assessment.pdf

³ <https://www.nao.org.uk/successful-commissioning/sourcing-providers/grant-or-procurement/>

organisations in a more sustainable way that will increase the overall social value return on investment.

5. **IMPACT ASSESSMENT – ADDITIONAL INFORMATION**

6. **PREVIOUS MINUTES**

Procurement Update CB-136 7 December 2017

7. **BACKGROUND PAPERS**

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