

South Lakeland District Council
Overview and Scrutiny Committee: 12 July 2019
Cabinet: 17 July 2019
Annual Procurement Update 2018/19

Portfolio: Andrew Jarvis - Finance and Resources Portfolio Holder
Report from: Phil Lowe – Interim Procurement Manager
Report Author: Helen Smith – Finance Lead Specialist (Section 151 Officer)
Wards: (All Wards);
Forward Plan: Key Decision included in the Forward Plan as published on 18 June 2019

1.0 Expected Outcome

1.1 This report provides an update on progress across the procurement function and against the Sustainable Procurement and Commissioning Strategy 2016-2019. This is a historic review for noting by Members

2.0 Recommendation

2.1 It is recommended that Overview and Scrutiny Committee:-

(1) note the progress across the procurement function over the past 12 months; and

(2) note the updated Procurement Schedule at Appendix 2

2.2 It is recommended that Cabinet:-

(1) note the progress across the procurement function over the past 12 months; and

(2) approve the updated Procurement Schedule at Appendix 2

3.0 Background and Proposals

3.1 The Procurement Team has been extremely busy over the past 12 months supporting the delivery of a large number of procurement exercises for goods, services and works..

3.2 The Procurement Team has played an integral role in procurement activity across the Council. Over the past 12 months the team's primary focus has been to support a wide variety of procurement exercises. The Council has been going through a significant transformation programme but the procurement team has continued to deliver both programmes and advice to ensure that the council meets its objectives and continues to deliver best value and ensure compliance.

3.3 The Procurement team has and continues to deliver a large number of Procurements for Goods, Services and Works. The Procurement schedule for 2108/2019 lists Eighty Six (86) of these the significant points to note are:-

- 49 “complete”
- 8 “work-in-progress”
- 5 “not required”
- 4 “scope change”
- 2 “not started”
- 1 “on hold”
- 17 “carry forward” to the Procurement Schedule 2019-20

3.4 Of strategic importance, the team have lead the successful procurements of:

- 3.4.1 Insurance Tender – this contract was awarded to the incumbent provider providing continuity of Service but as a result of amending the service requirement we have enabled both cash and none cash able savings
- 3.4.2 Playground’s – A great deal of work of work has been delivered to enable sites such as Abbot Hall, Millerground and Howe Bank/Hayclose Road to be delivered to users. We have also engaged in a more proactive strategy with the market that was evidenced by way of a supplier’s day with all the major suppliers which was received well by the suppliers.
- 3.4.3 Kendal Markets – We have been working collaboratively with Lambert Smith Hampton to develop a long term future model for both the indoor and outdoor markets including a market testing exercise to ascertain what models of delivery are available.
- 3.4.4 Bloom – As part of the strategy of being more accessible for suppliers to work the council we are holding a suppliers day in partnership with Bloom for over 40 people.
- 3.4.5 IT – as part of the transformation project and shared services we are working closely with IT colleagues to enable the customer connect programme to be delivered as well as ensuring that we strive to make best use of technology.
- 3.4.6 Grange Lido – We are progressing with the Lido site in conjunction with stakeholders and are engaging actively with external stakeholders and ensuring the council find and make a programme that ensures the best for the project
- 3.4.7 Kendal Town Hall – Work continues to progress and consultants have been appointed to progress matters to the next RIBA stages
- 3.4.8 Bulky waste Contract- Awarded to an SME and allowing growth in the local economy
- 3.4.9 Ulverston Leisure Centre- Work continues on the feasibility study with appointment made off the Scape framework for both developer and project management
- 3.4.10 Arboriculture Contracting Framework – Awarded after numerous attempts in the past and performing well
- 3.5 The Procurement team continues to work closely with the Corporate Asset Manager and the Property Services Provider (Lambert Smith Hampton) to deliver over twenty property-related procurement projects covering servicing and works contracts.
- 3.6 Ten procurement exercises for specialist professional services have been conducted utilising the Bloom Procurement Services framework. The use of this framework has proved to be a very flexible and faster, more efficient route to market than performing a full tender exercise via the Council’s e-tendering portal, The Chest.

- 3.7 Appendix 1 shows progress during 2018/19 against the priorities of the Council's Sustainable Procurement and Commissioning Strategy.
- 3.8 Since April 2016 the Council's Constitution has permitted officers to conduct and conclude the contracting processes without further approval providing it is in line with the Procurement Schedule, to be approved by Council at least annually. Where a procurement process is over budget then approval will still be required in accordance with the Financial Procedure Rules. Where an officer seeks approval for a waiver or exemption under the Contract Procedure Rules this is also included in the Procurement Schedule. An updated Procurement Schedule for 2019/20 is attached at Appendix 2 which includes some additional procurement exercises not approved in February 2019.
- 3.9 As part of the Customer Connect programme the Council has restructured staffing and responsibilities. A Commissioning Framework is currently being prepared which will complement the Procurement Strategy. The current Procurement Strategy will be reviewed and updated during the current year and the revised version is expected to be approved in December 2019.

4.0 Consultation

- 4.1 The Procurement Team maintains an open dialogue about the performance of the procurement function with Operations Managers directly.
- 4.2 Discussions have taken place with Purchasing Consortia and various members of the council's supplier base which have proven helpful in tailoring the procurement process in a way which is supplier friendly but also results in arrangements that offer value for money.
- 4.3 With changes to the national context including amendments to the EU Procurement Directives, introduction of a new National Procurement Strategy and further obligations under the Transparency Code, it has proven vital to maintain links outside of Cumbria as part of "environmental scanning" to understand the most successful way in adopting these.

5.0 Alternative Options

- 5.1 An annual update to Overview and Scrutiny does not take place. However, falling under the portfolio for Finance it is vital that the procurement function continues to be driven and supported by members and senior managers. This will result in a more accountable and focussed procurement function delivering positive outcomes financially and in the quality of council services.
- 5.2 The Procurement Schedule is not updated – this reduces the efficiency of the Council by requiring individual reports and decisions for tender exercises. This also increases the time taken to let contracts.

6.0 Links to Council Priorities

- 6.1 The Procurement Strategy is a key element of ensuring excellent, value for money services. It also contributes to creating an environment for people to thrive, leadership and influencing others, empowering customers and communities and demonstrating that the Council is forward thinking and innovative through the design and specification of contracts and services.

7.0 Implications

Financial, Resources and Procurement

- 7.1 Excluding staffing, there is an annual procurement budget of £18,415.00 which supports procurement IT tools, activities and training.

10.1.2 There are no direct financial implications of the Procurement Strategy although cashable and non-cashable efficiency savings are anticipated. The Procurement Strategy and the Contract Procedure Rules within the Constitution are a key element of corporate governance and contribute directly to delivery of value for money.

Human Resources

7.2 During the past 12 months the Procurement Team has been maintained a function of one permanent post and an interim, a Procurement Officer/Case manager and an interim Procurement and contracts Manager/Specialist.

Legal

7.3 European Regulations were transposed early into UK law as The Public Contracts Regulations 2015 on 26th February 2015. This has resulted in significant changes to procurement activity as follows:

- A greater flexibility to negotiate for example, the new Competitive Procedure with Negotiation was used to great effect to deliver a new fit-for-purpose Property Services
- Further focus on the pre-procurement phase, predominantly market consultation – for example, market testing exercise for revenues and benefits software to support the delivery of Customer Connect.
- A simplified selection process with the new national Pre-Qualification Questionnaire adopted by the Council
- All tender documentation is prepared prior to publication of the contract opportunity in accordance with the new requirements, including scoring criteria.
- The Council has been using the electronic tendering portal, The Chest for years in advance of E-tendering becoming mandatory by April 2017

There is still uncertainty in the long term of the legal obligations that will arise out of Brexit it is clear that in policy notes from the Cabinet Office that it is “business as usual” until advised. In the short term there appears that there will be no direct impact on the operations of the Procurement Team.

Health, Social, Economic and Environmental

7.4 Have you completed a Health, Social, Economic and Environmental Impact Assessment? No

7.5 If you have not completed an Impact Assessment, please explain your reasons:

Objectives are set at the start of each individual procurement exercise including any relating to social value.

The Procurement Team encourages Officers to consider how to obtain social value in all tenders and to consider sustainability at the ‘identify need’ stage of the procurement cycle

Access for Small and Medium Enterprises and Voluntary, Charity and Social Enterprises is considered through pre-market engagement, ensuring that strategies for organising procurements into lots does not create unwanted barriers for smaller businesses, and through advertising tender opportunities via The Chest, “Contracts Finder”, and the Council websites.

Work continues on the establishment of a Social Value Policy to support the Procurement Strategy.

Equality and Diversity

7.7 Have you completed an Equality Impact Analysis? Yes (attached at Appendix 3)

7.8 Summary of equality and diversity impacts: There are no significant equality and diversity impacts.

Risk

Risk	Consequence	Controls required
Procurement activity does not comply with the legal framework	The council is subject to legal challenge which carries both risk in terms of cost and reputation	All procurement activity is run through the Procurement Team with input from Legal as necessary
Results of procurement activity do not offer value for money to the communities of South Lakeland	The council's reputation is brought into question for its handling of council budgets and ratepayer's money	Continue to consider cost, quality and added value in all procurement activity with support from the Procurement Team.
The Sustainable Procurement and Commissioning Strategy is not delivered in full	The council delivers a procurement function which does not fully support the council in delivering its priorities to being the best place to live, work and explore	Continued liaison with internal officers and external agencies to support the Procurement Team in delivering the Strategy

Contact Officers

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Appendices Attached to this Report

Appendix No.	Name of Appendix
1	Actions against the Procurement and Commissioning Strategy Priorities
2	Procurement Schedule 2019/20
3	Equality Impact Assessment

Background Documents Available

Name of Background document	Where it is available
Sustainable Procurement and Commissioning Strategy 2019-2021	Procurement

Tracking Information

Signed off by	Date sent
Legal Services	27/6/19
Section 151 Officer	20/6/19
Monitoring Officer	21/6/19
SMT	21/6/19

Circulated to	Date sent
Human Resources Manager	N/A
Communications Team	N/A
Leader	N/A
Committee Chairman	N/A
Portfolio Holder	21/6/19
Ward Councillor(s)	N/A
Committee	12/7/19
Executive (Cabinet)	17/7/19
Council	23/7/19