

**South Lakeland District Council**  
**Cabinet: 9<sup>th</sup> September 2020**  
**Council: 6<sup>th</sup> October 2020**  
**Annual Procurement Update 2019/20**

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<b>Portfolio:</b>	Andrew Jarvis - Finance and Resources Portfolio Holder
<b>Report from:</b>	Section 151 Officer
<b>Report Author:</b>	Gill Flowers – Procurement Specialist and Helen Smith – Finance Lead Specialist and Section 151 Officer
<b>Wards:</b>	(All Wards);
<b>Forward Plan:</b>	Budget and Policy Framework Decision included in the Forward Plan as published on 26 May 2020

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**1.0 Expected Outcome**

- 1.1 This report provides an update on progress across the procurement function and a review of activity in financial year 2019-2020. This is a historic review for noting by Members
- 1.2 Review of 2020-2021 procurement schedule and updates to note in line with the Contract Procedure Rules within the Council's Constitution: this enables officers to ensure contracts are awarded promptly but transparently.

**2.0 Recommendation**

**2.1 It is recommended that Cabinet:-**

- (1) **note the progress across the procurement function over the past 12 months; and**
- (2) **recommend the updated Procurement Schedule at Appendix 1 to Council for approval.**

**2.1 It is recommended that Council:-**

- (1) **approves the updated Procurement Schedule at Appendix 1.**

**3.0 Background and Proposals**

- 3.1 There has been a change of Personnel within the team. The Interim Procurement Manager, Phil Lowe left in January 2020 to be replaced by a permanent Procurement Specialist, Gillian Flowers.
- 3.2 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. More detail on 2019-20 and 2020-21 procurement exercises are shown later in the report.
- 3.3 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 and 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.

- 3.4 A Contract Review Board, comprising officers from the Legal, Governance and Democracy team, the Finance team, the Support Services Case Management team and the Customer and Commercial Services Department has been formed. Their work has included identifying contracts impacted by Covid-19, with reports to Cabinet as required, the review of the use of certain frameworks to ensure value for money and working closely with officers from across the Council to understand requests for waivers and exemptions and to limit their use wherever possible. The emphasis of this team is to focus on value for money.
- 3.5 The Procurement team has and continues to help deliver a large number of Procurements for Goods, Services and Works. The Procurement schedule for 2019/20 listed ninety two (92) of these the significant points to note are:-
  - 45 “complete”
  - 14 “work-in-progress”
  - 2 “scope change”
  - 31 “carry forward” to the Procurement Schedule 2020-21
- 3.6 Of strategic importance, the team have lead the successful procurements of a number of projects, some detail below:
  - 3.6.1 Playground’s – A great deal of work has been done to enable sites such as Abbot Hall, Kendal, Castlefield and Greenbank, Ambleside and Broadgate Meadow, Grasmere to be delivered to users. Further projects have had to be held back to the Covid-19 pandemic, but are scheduled for the back end of this year or will be carried forward to the next financial year.
  - 3.6.2 Kendal Markets – This is being procured as a competitive procedure with negotiation. A first attempt to go to the market did not gather the interest that was hoped and it was felt that it was better to wait until the effects of the Covid-19 pandemic had subsided. Expressions of interest have been re-sought and we are currently going through the process of putting together a final bid document.
  - 3.6.3 Consultancy– the Council uses a framework for professional services. Although this is a useful tool for small value consultancy projects, it is not working as envisaged in all cases, especially where some high value direct awards have been placed through this route. Alternatives are being pursued, for example the Planning Policy team are going through a Procurement currently for a Framework Contract to cover expertise for the next Local Plan for the District. Procurement will carry out a review of all consultancy procurement to ensure value for money is being obtained in all cases.
  - 3.6.4 ICT – as part of the transformation project and shared services, a contract was let for a Development Management System to cover all aspects of the Planning process. It was a good example of a multi-departmental procurement, which could be taken across other projects in the transformation programme. A review of printing across the council will take place.
  - 3.6.5 Grange Lido – This was another project that was affected by Covid-19. We have had little response on both attempts to go out to the market for part 1 of the project. Another issue is getting the bids within the budget estimate. Value engineering is taking place currently.

- 3.6.6 Kendal Town Hall – The Procurement completed in 2020 with work starting in August 2020
- 3.6.7 The Procurement team continues to work closely with the Corporate Asset Manager and the Property Services Provider (Lambert Smith Hampton) to deliver property-related procurement projects covering servicing and works contracts. This contract will be reviewed in the coming year.
- 3.7 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. There is still a requirement to comply with Forward Plan requirements on all contracts prior to contract award. 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 2020/21 is attached at Appendix 1 which includes some additional procurement exercises to those approved in February 2020.
- 3.8 A Commissioning Strategy has been prepared and approved by Council in July 2020 which will complement the Procurement Strategy. The Procurement Specialist is currently reviewing the Procurement Strategy in line with the Commissioning Strategy as a golden thread and is also seeing how it fits into the procurement guidance within the Constitution.
- 3.9 Challenges in the Future
  - 3.9.1 As the UK leaves the EU, The Procurement Specialist envisages that there will be changes to the Procurement Regulations, initially in terms of thresholds, but eventually in terms of regulation and accountability. The Public Contracting Regulations 2015 will stay in place in the mean-time. Our procurement portal, The Chest, is one of those that will be compatible with The Governments replacement for OJEU, so any threshold changes regarding advertisements for completion will be automatically put in place.
  - 3.9.2 Internal audit have flagged up some need for improvement in contract management in the Council. As we have new staff and staff undertaking new roles there are a number of staff that have not previously had procurement or contract management experience so a training package is being put together as either a refresher tool or as an introduction to the new duties. Once again, this task has been delayed by Covid-19.
  - 3.9.3 Covid-19 has been a big influencer on the markets this year and will continue to be so for the foreseeable future. We have already seen contractors go into administration and the uptake for new business is down as suppliers fight to maintain their existing business.
  - 3.9.4. As a Council we are looking for savings and value for money exercises in order to reduce our deficit over the next few years. Procurement are in a position to recommend routes to the market which could provide those savings, in particular where there are savings from economies of scale and compelling competition. There are areas where Procurement can provide additional support and advice, such as the use of Agency staff, where savings can be anticipated.
- 4.0 Consultation**
  - 4.1 The Procurement Team maintains an open dialogue about the performance of the procurement function with operational 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 The procurement team maintains links with colleagues in other District Councils in Cumbria. A recent exercise was to sense check the process for the procurement of the Cumbria Choice Based Letting portal. Another joint project is looking at training needs and in particular contract management training.

## **5.0 Alternative Options**

- 5.1 An annual update to Cabinet 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. Also we fail in our statutory duty to report to the public procurement activity.

## **6.0 Links to Council Priorities**

- 6.1 One of the Council's priorities is the Climate Emergency. Procurement keep an interest in the Climate Network Forum. Tools are being explored to look at how we can evaluate "Green Credentials" and Social Value in tender exercises, exploring the issues of total life costs, quality over price and added value to the local community.
- 6.2 The Procurement Team is keen to explore ways to encourage local small medium enterprises to take part in procurement exercises. We are also keen that local stakeholders also have the opportunity to influence the specification and evaluation and are looking at ways of achieving that without compromising fairness and due diligence.

## **7.0 Implications**

### **Financial, Resources and Procurement**

- 7.1.1 Excluding staffing, there is an annual procurement budget of £18,400 which supports procurement IT tools, activities and training.
- 7.1.2 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 Procurement Officer/Case manager. The Procurement specialism was provided by an Interim until January 2020 and became a permanent post from then on in.

### **Legal**

- 7.3 There is still uncertainty in the long term of the legal obligations that will arise out of Brexit, but 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

- 7.6 Have you completed an Equality Impact Analysis? No
- 7.7 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 update and 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
Recommendations of internal audit are not actioned promptly	Identified areas for improvement are not actioned promptly, increasing potential risk of non- compliance with the constitution or not obtaining value for money	To implement all internal audit recommendations promptly.

## Contact Officers

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## Appendices Attached to this Report

Appendix No.	Name of Appendix
1	Procurement Schedule 2020/21 (Updated)

## Background Documents Available

Name of Background document	Where it is available
Council February 2020: Procurement Schedule 2020/21	<a href="https://tinyurl.com/y74z8xwr">https://tinyurl.com/y74z8xwr</a>

## Tracking Information

Signed off by	Date sent	Date Signed off
Legal Services	27/08/2020	28/08/2020
Section 151 Officer	24/08/2020	24/08/2020
Monitoring Officer	27/08/2020	28/08/2020
CMT	27/08/2020	27/08/2020

Circulated to	Date sent
Lead Specialist	24/08/2020
Human Resources Lead Specialist	N/A
Communications Team	N/A
Leader	N/A
Committee Chairman	N/A
Portfolio Holder	24/08/2020
Ward Councillor(s)	N/A
Committee	N/A
Executive (Cabinet)	09/09/2020
Council	06/10/2020