

Community Executive Advisory Board

Ward(s) affected: All wards

Report of Director of Environment

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Procurement Update

Executive Summary

This report contains an update regarding procurement at GBC and the need for an effective Commissioning, Procurement and Contract Management function.

Recommendation

The Community Executive Advisory Board note this report.

1. Purpose of Report

- 1.1 To note the update on Procurement, its importance and the planned approach going forward.

2. Strategic Priorities

- 2.1 Procurement supports the Councils Strategic Framework, in particular the Innovation theme as it encourages sustainable and proportionate economic growth to help provide the prosperity and employment that people need.
- 2.2 Procurement is highly innovative and utilises technology and new ways of working to improve value for money and efficiency in Council services.

3. Background

- 3.1 The procurement function currently sits within Legal Services. It is a relatively new resource, with the first procurement officer joining the Council in 2015. Resource level and quality has been variable since 2015 and in 2018 the decision was taken to recruit a Procurement Manager in order to strengthen the

function and lead on transformation of the service into a centralised team delivering effective commissioning, procurement and contract management. The procurement team are supported by legal services colleagues who ensure compliance with the Public Contracts Regulations (PCR 2015) and Procurement Procedure Rules (PPR's) as well as providing contract and commercial legal advice.

- 3.2 The procurement service is currently in Phase A of the Future Guildford programme and proposals around a new team are being considered.
- 3.3 The Council's annual procurement spend is in the region of £50 million and the top four contracts currently being procured are detailed in Table 1 below:

Table 1 – Top four contracts currently being procured.

	Contract name	Contract Value	Estimated contract Commencement Date
1	Replacement windows at Dray Court	£400,000	1 November 2019
2	Operation of G-Live	£328,000	1 October 2021
3	Multifunctional Devices (Printers)	£300,000	1 December 2019
4	Pay on Foot Parking equipment	£250,000	1 April 2020
	Total	£1,278,000	

4. Understanding Commissioning, Procurement and Contract Management

- 4.1 Commissioning is the strategic process whereby the needs of an area and how those needs should be met are assessed. This should be conducted in advance of any procurement exercise.
- 4.2 Procurement can be defined as the 'acquisition of goods, works or services' and helps in managing an organisations expenditure.
- 4.3 Effective procurement is the foundation for cost effective and high performing contracts, serves to maximise commercial opportunity and ensures compliance with the Public Contract Regulations 2015.
- 4.4 Procurement in Local Government should be conducted on an objective, fair and transparent basis and is important as Officers are accountable for responsible expenditure of tax payers money under the Staff code of conduct. Officers are also required to provide Best Value under the Local Government Act 1999.

- 4.5 Good procurement consists of a clear Business Case, an understanding of the procurement options available, an understanding of the market and supply chain and a clear concise Tender process.
- 4.6 Contract Management follows a successful procurement process, ensures the supplier delivers against the contract and that risks and opportunities are managed. This includes changes in requirements throughout the contract period. An effective relationship is vital and beneficial to both parties.

5 Social Value in Procurement

- 5.1 Social value is an important part of Procurement and provides an opportunity for engagement with the Local Community. It can be defined as anything that 'improves the economic, social and environmental well-being of society'.
- 5.2 The Public Services (Social Value) Act 2012 requires contracting authorities to consider social value when procuring or commissioning public services. <http://www.legislation.gov.uk/ukpga/2012/3>.
- 5.3 In Local Government, the focus has been on building in skills and employment opportunities in the local area and that through procurement, businesses can be encouraged to fund and operate apprenticeships and training for people, particularly for the young or hard-to-reach people in the Borough.
- 5.4 Tender opportunities can also be broken down into Lots where appropriate to enable SME's and local businesses an opportunity to bid for the work.

6 Market for Public Services, Supplies and Capital Projects

- 6.1 From the market's perspective, Local Councils provide good opportunity for solid, reliable contracts and guaranteed income. It is therefore important that commercial opportunities are maximised and the organisation is aligned with the market and trends in spending.

7 Procurement at GBC

- 7.1 Procurement has improved significantly since the appointment of a Procurement Manager; a Strategy has been drafted, a Corporate Procurement Board in place with agreed Terms of Reference and a full work programme is being progressed.
- 7.2 The future of procurement at GBC is incorporated within the Future Guildford programme and it is recognised that it would be beneficial to have a centralised team and substantial dedicated resource given the savings it can deliver along with other benefits as noted in this report.

8 Financial Implications

- 8.1 Spend at GBC is currently in the region of £50 million per annum and there are multiple significant Capital projects underway.

- 8.2 As part of the Future Guildford Programme, a procurement savings target of £1.2 million has been earmarked to be delivered annually from 2022. A dedicated team could deliver these savings and be funded on a spend to save basis.
- 8.3 It should be noted that savings will only be realised if an investment in resource is made and the procurement function is built on and centralised.

9 Legal Implications

As noted in this report, the Council's duties are:

- I. Compliance with the Public Contract 2015 Regulations when procuring contracts valued above a threshold set by OJEU;
- II. Ensuring compliance to the Councils PPR's.

10 Human Resource Implications

- 10.1 An investment is necessary in procurement. Future Guildford is moving through the phases and new posts will be required in order to deliver a centralised commercial Team in due course. There is currently a reliance on interim staff who largely resource the Team.
- 10.2 A proposed structure has been put forward as part of the service challenge steering group, this will feed into the Phase A part of the Future Guildford programme.

11 Conclusion

GBC undertakes significant procurement activity for goods and services given its £50 million annual spend. In order for to maximise opportunity and better control spend, a centralised Procurement function is critical. Continuing with a devolved model where the function is advice and guidance but not mandatory, poses significant risk and inability to deliver substantial savings.

12. Appendices

Appendix A - *Procurement Strategy 2019-21*