



Derby City Council

Cost of Living Overview and Scrutiny Board 24 November 2014

ITEM 7

Report of the Interim Strategic Director of
Resources

Procurement Collaboration with other LAs and Public Sector Bodies

SUMMARY

- 1.1 The report outlines, with examples, the types of collaborative procurement projects the Procurement team have developed and the steps being taken to increase the number of such projects in the future. This is in order to maximise the cashable and non-cashable savings that can result from collaborative activity.
- 1.2 The report describes the work to develop closer collaborative relationships with other Derbyshire based public procurement teams particularly Derbyshire County Council, University of Derby and Derby College.
- 1.3 The House of Commons, Communities and Local Government Committee report, 'Local Government Procurement' detailed the benefits and barriers to procurement collaboration and made a number of recommendations. The work undertaken by the procurement team is in line with these recommendations.

RECOMMENDATION

- 2.1 To note the contents of the report

REASONS FOR RECOMMENDATION

- 3.1 The report has been prepared at the request of the Cost of Living Overview and Scrutiny Board

SUPPORTING INFORMATION

- 4.1 Procurement Collaboration in Derby City Council (DCC) takes a number of forms:
 - **Collaboration via Central Purchasing Bodies**, for example Eastern Shires Purchasing Organisation (ESPO) and the Crown Commercial Service (CCS). These bodies provide framework agreements for public bodies to use thereby saving time in the procurement process. For some specialist commodities such as Energy, they aggregate demand and thereby enable us to gain the advantage of bulk buying and achieve economies of scale.

- **Direct collaboration with another public body**, for example:
 - DCC is leading on the development of a framework for Construction projects. The resulting contract will be available for all Derbyshire local authorities, University of Derby and Derby College.
 - DCC is jointly procuring with Nottingham City Council goods and services to support the Highways Maintenance team. The work has not only achieved cost savings but has also saved time and improved the specifications needed to support the procurements. This co-operation will continue into the contract management stage of the contracting cycle.
 - Joint procurement of an e-tendering software solution by seven East Midlands Councils. Significant savings resulted with the added benefit that local suppliers only have to register once to be able to bid for opportunities across all seven authorities.
 - Refuse Vehicles. A long standing East Midlands collaborative arrangement allows us to gain the benefit of the aggregation of spend, reduction of procurement time and effective contract management.
 - Library system. A joint procurement involving DCC and five other East Midlands authorities. The result was a good financial saving and the common system allows for greater cooperation between library services should we choose.
- **Sharing of specifications and tender documents** with other local authorities in the East Midlands. An example of this is the work to develop a standard Pre-qualification questionnaire for use in seven authorities. This benefits local suppliers who are able to quickly complete procurement documentation if they deal with multiple authorities.

4.2 Close co-operation with Derbyshire County Council (County) Procurement team.

- DCC has traditionally had a good relationship with the County Procurement team and have cooperated on a small number of corporate type contracts, for example stationery. The remit of the County team is much narrower than the team at DCC so collaborative opportunities had been limited.
- A recent change in procurement personnel at County has seen a change of focus, as the new team see the benefit of collaboration in reducing procurement workload whilst also complimenting the 'buy local' agenda which both authorities have.
- We have agreed that prior to commencing procurements the teams will consult to see if opportunities to collaborate exist.
- As a result representatives of the two procurement teams meet regularly, share Procurement pipelines, contract registers and three joint procurements have been undertaken recently.
 - Traffic Signal Maintenance led by DCC
 - Waste skips led by County
 - Cleaning plant and equipment led by County

- 4.3 Co-operating with additional organisations.
Following the initial success of the Derbyshire collaborations outlined in 4.2, a meeting has been arranged with representatives of Erewash, Bassetlaw, North Derbyshire Councils and Chesterfield Royal NHS Trust to explore collaborative opportunities.
Regular contact is made with the University of Derby Procurement Director to share best practice and explore collaboration opportunities for example the DCC Construction framework.
- 4.4 The House of Commons, Communities and Local Government Committee report, 'Local Government Procurement' endorses the collaborative approaches taken by DCC. The report can be found at <http://www.publications.parliament.uk/pa/cm201314/cmselect/cmcomloc/712/712.pdf>
- 4.5 Barriers to Procurement Collaboration.
Effective collaboration can bring benefits in terms of both cash and time savings; however it can also bring problems if not properly planned at the outset. Some key barriers are:
- Difficulties in managing partners. A partner who is not fully committed, has different timetable or approval processes can seriously delay or disrupt a procurement process. For this reason it is recommended that partners agree at the outset to abide by the outcome of the procurement process and the required timescales.
 - Different contract end dates can mean that authorities with similar requirements cannot procure together. Shorter contracts can sometimes be awarded in order to align contract renewal dates of potential partners.
 - Difficulty in agreeing a common specification.
 - Aggregating contracts can make work packages too large and disadvantage local SMEs.
- 4.6 When deciding on a procurement route for a new requirement DCC will consider the availability of compliant frameworks and these will be used where:
- Initial benchmarking shows the framework to offer the potential for delivering a financial saving and / or other benefits.
 - Use of the framework does not compromise other DCC objectives. For example the 'local procurement' agenda.
- 4.7 Collaboration will be pursued where:
- Partners demonstrate commitment to the outcome and agreed timescales.
 - There are potential savings to be gained, cashable and / or non-cashable.
 - The collaboration will not adversely affect the local procurement agenda.
 - Timescales allow.

OTHER OPTIONS CONSIDERED

- 5.1 None. Collaboration is one of a number of procurement strategies which are utilised when benefits to DCC will result from doing so.

This report has been approved by the following officers:

Legal officer Financial officer Human Resources officer Estates/Property officer Service Director(s) Other(s)	Emily Feenan Martyn Marples Liz Moore Martyn Marples Nick O'Reilly, Director of ICT Ann Webster, Equality and Diversity Lead
For more information contact: Background papers: List of appendices:	Ray Poxon 01332 643271 ray.poxon@derby.gov.uk None Appendix 1 – Implications

IMPLICATIONS

Financial and Value for Money

- 1.1 Collaboration is one of a number of strategies which are employed as part of the sourcing strategy for goods, services or works in order to deliver value for money.

Legal

- 2.1 External frameworks are checked prior to use to ensure that use by Derby City Council is permitted and compliant with Procurement legislation. Care is taken to ensure that DCC interests are protected if modifications are made to terms and conditions of contract to accommodate the needs of external participants. These are approved by DCC Legal prior to release.

Personnel

- 3.1 There are no Personnel implications

IT

- 4.1 There are no IT implications

Equalities Impact

- 5.1 DCC Equality standards are included within procurements whether collaborative or stand alone and the Procurement Team work very closely with the Lead on Equality and Diversity. In addition, we are able to share our good equality practice with our collaborative partners.

Health and Safety

- 6.1 DCC Health and safety standards are included within procurements whether collaborative or stand alone.

Environmental Sustainability

- 7.1 There are no Environmental implications

Property and Asset Management

- 8.1 There are no Property implications

Risk Management

- 9.1 There are risks of delays to procurement projects when external participants are involved in the award process. In addition problems can arise at the award stage if participants change their mind. Both issues can be overcome by gaining clear agreement regarding the terms of participation. Any risks associated with managing external partners are managed by the procurement team as a normal part of the procurement project process.

Corporate objectives and priorities for change

10.1 Collaboration is only used when it will support corporate objectives.