



**Corporate Services Scrutiny Review Board**  
**14 March 2019**

# ITEM 5

Report sponsor: Interim Director of Legal,  
Procurement and Democratic Services and  
Monitoring Officer  
Report author: Head of Procurement and  
Contracting

## **Procurement of Contracts/Services Overview**

### **Purpose**

- 1.1 To describe the role and function of the Procurement Service; and
- 1.2 To outline the current opportunities and challenges faced by the Service.

### **Recommendation**

- 2.1 To note the background and information contained in this report regarding the Procurement Service and comment on the approach being taken.

### **Reason**

- 3.1 To provide Corporate Scrutiny Board with an understanding of the role of the Procurement Service and the challenges and opportunities that it faces.

### **Supporting information**

- 4.1 The purpose of the EU procurement rules and the implementing UK legislation (the Public Contract Regulations 2015 (PCR)) is to open up public procurement to EU-wide competition. They therefore establish a legal framework governing the procedures and principles for the award of public contracts, which fall within the scope of the rules and exceed specified financial values. This legal framework is intended to ensure that contracts are awarded fairly, transparently and without discrimination on the grounds of nationality and that all potential bidders are treated equally; these overarching principles apply to all public procurements irrespective of value.
- 4.2 The Procurement Service is responsible for ensuring compliance by the Council with PCR and the Council's Contract Procedure Rules. In ensuring such compliance the Procurement Service looks to maximise value for money for the Council by facilitating a competitive environment for suppliers to the Council.

- 4.3 The Procurement Service monitors contract spend and reports quarterly to DMTs. This report also covers live waivers, contracts awarded, contracts requiring renewal and procurement processes in progress. This engagement is designed to result in better planning of processes and, consequently, better results. There are over 250 contracts on the current register.
- 4.4 In addition, the Procurement Service is responsible for producing mandatory online training for all contract managers on the Council's procurement processes and the basics of public procurement law.
- 4.5 The Procurement Service establishment comprises:
- 1 x Head of Service
  - 2.41 FTE x Category Manager (3 posts)
  - 6 x Principal Officers
  - 5 x Procurement Assistants

Over recent years the Service has carried a number of vacant posts; however, in November 2018 approval was given to recruit to those vacant posts. The advertisements for 2 Principal Officers and 2 Procurement Assistant were posted in December 2018 and all positions have been successfully appointed to. All appointees should be in post by the end of March 2019.

- 4.6 The Service is structured to align to the three Strategic Directorates.

The Corporate Services Category had £35 million contracted spend during 17/18 and comprises:

- 1 x Category Manager
- 1 x Principal Officer
- 1 x Procurement Assistant

The Communities and Place Category had £39 million contracted spend during 17/18 and comprises:

- 0.8 FTE x Category Manager
- 2 x Principal Officers
- 2 x Procurement Assistants

The Peoples Services Category had £137 million contracted spend during 17/18 and comprises:

- 0.61 FTE x Category Manager
- 3 x Principal Officers
- 2 x Procurement Assistants

- 4.7 The Procurement Service aims to use the principles of Category Management to develop an approach to the market which delivers maximum value for money for the Council and, where possible, generate financial savings on the tendering and re-procurement of contracts.
- 4.8 Effective Category Management includes:
- a. Collaboration with other public bodies:
- Two or more Authorities combine resources and expertise to go out to tender for all their requirements in a single process.  
The approach hopes to achieve savings via economies of scale and process costs.
- We collaborate with Nottingham City Council to put in place a framework of Highways Maintenance Contractors.
- We collaborate with Derbyshire County Council for the contract for library books.
- We collaborate with Derbyshire County Council for Dementia Support, Information and Peer Support Services.
- b. Use of Framework Agreements:
- These allow for shorter process times. Providers have already passed the qualifying stage of the tender process, such as insurance and financial checks, and some can include pricing and allow direct award where requirements are urgent.  
Where a further competition is carried out, the maximum number of bids that will be received is already known allowing resources to be accurately assigned.
- Urgent works are awarded through the SCAPE framework.
- Several frameworks exist for consultancy services and we carry out further competitions or directly award contracts within the relevant specialist lot.
- c. Aggregation of Council demand:
- Ensuring that the whole Council's requirements for like goods or services enable us to take advantage of economies of scale but also benefit from best use of resources due to the lack of duplication of effort.
- Some of the corporate contracts that exist are for stationery, janitorial products, travel and utilities.
- 4.9 However, currently the Council does not achieve the full benefits of Category Management because:
- a. The current procurement function in the main focuses on process compliance, regulation and the transactional elements of procurement. It is not able to be truly strategic or to currently deliver fully effective category management.

- b. A lack of skilled resource within Directorates has increased the level of input required from the Procurement Service.
  - c. High levels of maternity leave, long term sickness and previously unfunded vacancies in the past have meant that the strategic functions of the Procurement Service have not been fulfilled e.g. the reports referred to in 4.3 have not been delivered.
  - d. A lack of Council wide training on demand management and contract management means the support for procurement is limited.
- 4.10 An Internal Audit Review of the Procurement Service in November 2017 identified that the Council lacked a coherent Procurement Strategy and recommended that such a strategy is developed. Development of the Procurement Strategy has been delayed pending the appointment of a new Director of Legal, Procurement and Democratic Services. This post has now been filled on an interim basis and work is now commencing to develop a new Procurement Strategy.
- 4.11 In developing the Strategy, Officers are exploring the possibility of working more closely with other local authorities to deliver a more strategic approach to procurement and commissioning.
- 4.12 Previous work in this area (under the now defunct Procurement and Commissioning Board established by Adam Wilkinson) identified the potential for closer working between the Procurement Service and the Council's commissioning functions and the proposed Procurement Strategy will look to develop this proposal further.

### **Public/stakeholder engagement**

- 5.1 Not applicable to this Report

### **Other options**

- 6.1 Not applicable to this Report

### **Financial and value for money issues**

- 7.1 As set out in the Report.

### **Legal implications**

- 8.1 There are no legal implications from this report.

## Other significant implications

9.1 Not applicable

This report has been approved by the following people:

Role	Name	Date of sign-off
Legal	N/A	
Finance	N/A	
Service Director(s)	Emily Feenan	05/03/2019
Report sponsor	Emily Feenan	05/03/2019
Other(s)		

Background papers:

List of appendices: