

# REPORT TO COUNCIL

REPORT OF: Legal Services Manager

REPORT NO. DLS 82

DATE: 7<sup>th</sup> September 2006

<b>TITLE:</b>	Welland Joint Committee – Shared Procurement Services
<b>FORWARD PLAN ITEM:</b>	Yes
<b>DATE WHEN FIRST APPEARED IN FORWARD PLAN:</b>	11 <sup>TH</sup> August 2006
<b>KEY DECISION OR POLICY FRAMEWORK PROPOSAL:</b>	Policy Framework Proposal

<b>COUNCIL AIMS/PORTFOLIO HOLDER NAME AND DESIGNATION:</b>	Councillor Teri Bryant, Portfolio Holder for Assets and Resources
<b>CORPORATE PRIORITY:</b>	Category A: Use of Resources
<b>CRIME AND DISORDER IMPLICATIONS:</b>	N/A
<b>FREEDOM OF INFORMATION ACT IMPLICATIONS:</b>	This report is publicly available on the Council's website <a href="http://www.southkesteven.gov.uk">www.southkesteven.gov.uk</a> via the Local Democracy link
<b>BACKGROUND PAPERS:</b>	Report to Council Draft Welland Procurement Protocol

## **1. INTRODUCTION**

As part of Welland shared services initiative the Welland Joint Committee has been established to take forward delivery and management of the shared services. Two members from this Council were elected to represent this Council on that committee. A Welland Procurement Unit (WPU) has been established with Melton Borough Council as the "host authority". In order to provide the necessary infrastructure for the WPU to operate effectively, consideration must be given as to how this can be achieved within each Council's current constitutional arrangements and contract procedure rules. It has been established that delegated authority must be given by this Council to the Welland Joint Committee to carry out the functions of procurement required by each authority.

## **2. RECOMMENDATIONS**

It is recommended that this Council delegate to the Welland Joint Committee authority to carry out the functions of procurement which the Council determines should be purchased in this way.

## **3. DETAILS OF REPORT**

- 3.1** At its meeting on the 27<sup>th</sup> April, this Council appointed two members to represent this Council on the the Welland Joint Committee. Prior to that time, progress had been made to take forward a Welland shared service for procurement. Three successful bids for funding have been made on behalf of the Welland Partnership to the East Midlands Centre of Excellence (EMCE) to support the funding of the shared procurement service. £20,000 was granted to a foundation project to create detailed contract registers. A "4Ps" Gateway review was undertaken which concluded there was significant support for the procurement project and that savings could be substantial. It also concluded programme management needed to be improved and additional external expertise should be injected into the project. Grant funding of £99,000 was provided by EMCE to establish the WPU and additional funding of £7,500 was granted for the provision of legal advice.
- 3.2** The WPU has been established and details of proposed responsibilities of the unit and individual councils involved are set out below.

<b>WPU Responsibilities</b>	<b>Partners responsibilities</b>
<p>Guiding the Welland partners into a common supplier platform to enable better, value, quality and consistency of service across the partnership.</p> <p>The WPU will develop Supplier Performance Management and monitor the contracts accordingly. Through aggregating spend and better procurement practice deliver greater economies of scale for all purchasing activities ultimately providing improved pricing and contract terms.</p>	<p>Process adoption and compliance</p> <ul style="list-style-type: none"> <li>➤ Ensure Officer buy-in</li> <li>➤ Provide timely data for use in the WPU negotiations</li> <li>➤ Engage with members and senior officers to understand the WPU strategy and objectives</li> </ul>
<p>To facilitate best practice procurement and assist in the delivery of the National Procurement Strategy milestones. Constantly monitor and advise upon changes required to comply with procurement legislation (EU/UK/Local)</p>	<p>To effect the knowledge transfer, while adopting and implementing changes recommended by the WPU.</p>
<p>The WPU will fully understand the commercial environment the Partners operate in and maintain a monitoring system for changes to traditional supply chain models enabling new techniques to bring improvements in both service and pricing.</p>	<p>Provide localised management information to allow the WPU to formulate specific buying profile and needs of the Council. To engage with the WPU and other partners at a service level to ensure that projects can be defined to gain economies of scale through joint procurement.</p>
<p>All tenders and contract management will be managed to ensure maximum scope and coverage for the Partners. This will include identifying and assisting in larger contracts that are Welland-wide or partner specific.</p>	<p>The partners will promote and develop a culture of contract planning and working with the WPU and other Authorities on key areas of spend. The Partners will adopt and implement the use of shared technology for managing the tendering and contract processes.</p>

<p>The WPU will advise upon updating to an appropriate procurement strategy that will encompass the NPS milestones. The strategy will identify the any technology needed to deliver the set goals and ensure compliance to adopting the Welland contracts and procedures.</p>	<p>The Partners will implement the strategy recommended by the WPU and adopt any systems required for the smooth operation of a successful shared procurement service.</p>
<p>At all times the WPU will operate a fair system when working with suppliers. This will include building a sub-regional supplier database including all existing suppliers and engagement with others in the SME community. The supplier adoption process will be constantly updated with the emphasis being on the ability to trade electronically with any of the partners.</p>	<p>The Partners will adopt the supplier adoption processes and work with other regional organisations to assist in the sustainability projects relevant to procurement.</p>

It is important these responsibilities are understood to ensure clarity as to the added value the unit will bring and so that the individual councils are best placed to advise the unit. A Welland Procurement Protocol has been drafted with input from all authorities involved. This has not yet been approved and is set out as a background paper to this report.

**3.3** The EMCE are funding a complete supplier analysis programme for every Authority in the East Midlands. It has been agreed that the Welland will be first in line to be analysed as data is in the process of being extracted. This will have a significant impact on our ability to recognise where there are mutual suppliers, potential joint contracts and de-duplication of suppliers. This analysis will go some way to establish where savings in this Council's procurement can be made.

**3.4** This Council is currently working towards meeting targets set by the National Procurement Strategy. These targets will also have to be met by the WPU. The work done by the Welland to meet these targets will assist this Council meeting the targets set.

**3.5** It is recognised, if the Council is to progress procurement processes through the WPU, the Council's contract procedures will have to be amended to take this into account. The Council's contract procedure rules are currently being updated and will be amended to accommodate procurement, if required, through the WPU. The Welland Joint Committee will adopt the "host" authority's contract procedure rules. Any amendment to the contract procedure rules will be an effective amendment to the

Constitution and will be put to the Constitution and Accounts Committee for approval.

**4. COMMENTS OF SECTION 151 OFFICER**

The recommendation should enable the Council to benefit from efficiencies arising from shared procurement where appropriate. The Contract Procedure Rules and Financial Regulations will require amendment to reflect this decision.

**5. COMMENTS OF MONITORING OFFICER**

As contained in the body of the report

**6. COMMENTS OF OTHER RELEVANT SERVICE MANAGER**

None.

**7. CONTACT OFFICER**

**Lucy Youles**

**Telephone – 01476 405105**

**E-mail – l.youles@southkesteven.gov.uk**