CABINET

17 MARCH 2023

REPORT OF PORTFOLIO HOLDER FOR CORPORATE FINANCE & GOVERNANCE

A.2 THE SHARED PROCUREMENT PARTNERSHIP

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To update Cabinet on the successes of the joint working arrangements with Tendring District Council and Essex County Council for the delivery of procurement functions and to seek approval to explore a wider procurement partnership at a strategic level, to maximise existing opportunities through closer partnership working other Councils.

EXECUTIVE SUMMARY

Essex County Council & Tendring District Council - provision of procurement services

The partnership between Tendring District Council and Essex County Council began on 1st October 2021. Since that point the team has worked on 53 procurements, of which 24 have been awarded or awaiting governance approval to award. In addition to the above, the shared procurement resource has provided advice and support to colleagues across the Council on how to source a wide range of goods and services. The joint team has embedded a new robust approach to procurement practice with improved documentation, using the proactis esourcing tool to ensure visibility of procurement opportunities and robust adoption of procurement process and evaluation principles. Procurement training has been and continues to be rolled across the organisation and a new approach to category management has begun to identify key areas of spend where enhanced value for money could be achieved.

Combined, this has helped the Council to improve its approach to how it spends public money and set the foundations for further improvements.

Joint Shared Procurement Partnership:

Essex County Council (ECC) and Braintree District Council (BDC) have proposed to create a shared procurement service, which will bring together the existing ECC Shared Procurement team, which currently supports Tendring District Council with the Essex Procurement Hub (EPH) in partnership for common benefit to all members. This partnership and new Shared Procurement Service is expected to launch in April 2023 to:

- Undertake procurement activity on behalf of the member districts and boroughs and any new partners who may join.
- Review corporate spend, trends and patterns and initiate value for money opportunities across council services involving collaborative procurement, internally and externally.

- Identify collaborative procurement and contract management opportunities on behalf of all member organisations and deliver these procurements.
- Develop shared documentation and procurement approaches for use by members
- Seek to identify opportunities to deliver revenue from the Shared Procurement Service. In the first instance this will be used to offset the investment by ECC.

The future delivery model of the Shared Procurement Service still needs to be explored and shaped but even at an early stage will deliver the following benefits to Tendring District Council:

- Resilience with a larger team across both organisations that is able to meet the fluctuations in demand for the service;
- Expertise with the EPH knowledge of district spend areas and the recognised expertise of ECC's procurement team enabling better constructed procurements and greater value for money;
- Collaborative savings through closer working and shared understanding of forward plans, the partnership will be better able to identify shared procurement and contract management opportunities removing duplication of resource time and increasing the opportunity for economies of scale; and
- Reduction of duplication in the delivery of support services such as policy creation and training, releasing time for staff to focus on value-add procurement activity.

Tendring District Council have already identified a number of specific activities that need to be delivered by the Authority, these have been considered against the offer of a wider partnership sharing resources, with that service being able to:

- (a) Develop and promote the Procurement Strategy, with the anticipation of a common procurement strategy;
- (b) Review of the Procurement Procedure Rules;
- (c) Ensure the Council's practices are up to date with legislation, national guidance and best practice;
- (d) Commercial awareness in public law environment focusing on procurement opportunities and contract management skills;
- (e) Developing and delivering training:
- (f) Seek compliance with the regulatory framework and raising matters of probity and non-compliance with Senior Managers, Management Team and Internal Audit, where necessary; and
- (g) as part of the review of the Council's Procurement Strategy and Procedure Rules, the shared service would seek to incorporate Social Value opportunities and contract management principles.

It is anticipated the Shared Service will also create and embed a corporate Contract Management framework setting out overriding principles, which are common across services, providing guidance and processes to contract management resource within the individual services to implement change and achieve improvements identified through reviews.

With the ongoing vacancy of a senior post at Tendring for Corporate Procurement and Contract Management, it is proposed that £45,000 is reinvested to contribute to the shared procurement service for 2023/24, to develop and deliver the above activities. Key Performance Indicators will be detailed within a future partnership agreement which will drafted giving consideration to the above aims and objectives. The objectives will be regularly reviewed and reported on to the Strategic Officer Group (see background). The Strategic Officer Group will decide whether the trial has been a success, with individual decisions on whether to continue to participate and if so, in which delivery model, taken by each member authority.

It's important for the Council to give consideration and maximise opportunities for Social Value through the procurement cycle adding value for the area and delivering against the Council's Corporate Plan. This can be achieved with earlier scoping through specification and evaluation criteria. As with other Essex Councils, it is now considered best practice to adopt a dedicated Social Value Policy for Procurement Purposes, to set out how the Council wishes to achieve the social, economic and environmental strands through its commissioning.

It is considered that any Social Value Approach being drafted for adoption, should be scoped and shaped in consultation with Members, services across the Council, other local authorities, either as part of the proposed Shared Procurement Service for part of Essex or through the Anchors organisations together with our stakeholders. A joint Essex Social Value Approach is being explored and the results will be presented back to Cabinet later in 2023. In the interim, TDC will rely on its existing Procurement Procedure Rules and link to the Council's Corporate Plan, Priorities and Projects.

RECOMMENDATION(S)

It is recommended that Cabinet:

- (a) notes the progress of the existing partnership arrangement with Essex County Council for the delivery of procurement functions under the Service Level Agreement;
- (b) agrees for Tendring District Council to form part of a wider partnership of Councils to explore the Shared Procurement Service for parts of Essex;
- (c) authorises the Portfolio Holder for Corporate Finance and Governance, responsible for procurement to represent the Council at the Member Advisory Group;
- (d) requests the Chief Executive to appoint the appropriate Officer to the Strategic Officer Group;
- (e) authorises the contribution of £45,000 from existing vacancies to the shared procurement project for the development of activities as set out in the report;
- (f) delegates authority to the Chief Executive, in consultation with the Portfolio Holder for Corporate Finance and Governance to agree the Partnership Agreement for the Shared Procurement Service;
- (g) requests the Portfolio Holder to review the Shared Procurement Service progress prior to any decision at the expiration of the existing Service Level Agreement with Essex County Council;
- (h) instructs officers to ensure the Council's Contract Register and Procurement Project Pipeline is kept up to date to ensure TDC matters can be included within the Shared Service prioritisation; and

(i) welcomes the work identified for a joint approach to Social Value for procurement purposes, for a further report to be presented at a later Cabinet in 2023.

REASON(S) FOR THE RECOMMENDATION(S)

The Council has an ongoing vacancy at a senior level for Corporate Procurement and Contract Management and reinvestment through a contribution going into the wider procurement partnership will build further resilience and support to the organisation, in addition to the existing and successful arrangement with Essex County Council.

The Shared Procurement Service is a partnership between several Councils in Essex and brings a number of benefits as defined above. Through joining the shared service and closer partnership approach, the Council will be able to ensure a high quality, resilient procurement service to support its needs and have influence over the direction of the Shared Procurement Service.

The Council is providing a client side contact to manage the existing partnership agreement (SLA) with ECC.

Social value considerations have been a requirement since 2012 however, policies are emerging on revised approaches for procurement strengthening the opportunities to be achieved.

ALTERNATIVE OPTIONS CONSIDERED

Alternative options considered are:

- Alternative Option 1 The Council could simply extend the existing partnership agreement (SLA) with Essex County Council beyond October 2023. This will continue to provide a resilient procurement service. However, it is not considered as attractive as the recommended option as it does not enable Tendring District Council to help inform the future structure and direction of a wider shared service. The Council would also not be able to benefit from any shared procurement income which may be generated.
- Alternative Option 2 Beyond October 2023, the Council undertake procurement
 activity on its own. In doing this the Council would have full control over procurement
 resource and its use. Recruitment of procurement resource is difficult as has been
 demonstrated through a recent process, with a competitive procurement resource
 market. This option would also not provide the additional benefits of resilience, access
 to wider expertise and collaborative savings highlighted above.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

The Shared Procurement Service will support the delivery of the Strong Finances and Governance workstream, in particular supporting a balanced budget through

- An effective approach to procurement activity, delivering value for money
- An efficient resource model
- A robust approach to spend analysis and contract management

The way Anchor Organisations procure goods and services and work with their supply chain can have far reaching benefits on local communities, from creating employment opportunities, to raising aspirations and local skills, to improving the local environment. Procurement is frequently the starting point for embedding Social Value, ensuring every pound spent generates additional value. Anchor Organisations have signed up to the following:

- Progressive and Responsible Procurement Develop policy and tendering processes to assess, monitor and deliver social value.
- Meet the Buyers Develop close working relationships with local providers and suppliers in the community.
- Build the Voluntary Sector Make explicit requirements to work with and resource the voluntary sector in contracts.

OUTCOME OF CONSULTATION AND ENGAGEMENT

The Anchors Organisations have set up a Social Value Learning Community to:

- Encompass a wide learning agenda that covers the different nuances of social value for each of the sectors represented at the anchor network, but focused on deepening the understanding of concepts and practices.
- Provide a collaborative and safe space to share sensitive and complex data. Provide peer to peer learning, sharing lessons learned, progress, challenges and barriers about embedding.
- Social Value identify the differences and commonalities of Social Value practices, both across organisations and through procurement specifically.
- Support on the definition of social value for Anchor institutions, establishing the baseline for members and the network.
- Work collaboratively with Economic Development Officers towards the identification of local projects to increase local spend and support local business and voluntary and social enterprise sectors.
- Facilitate access to state-of-the-art expert knowledge and best practice with a view to inform policy making, plans, toolkits and models in key areas of action.

The outcome of this work will be fed into the review of the proposed Social Value approach for Tending District Council together with the Shared Procurement Service partners.

LEGAL REQUIREMENTS (including legislation & constitutional powers)				
Is the recommendation a Key Decision (see the criteria stated here)	NO	If Yes, indicate which by which criteria it is a Key Decision	 □ Significant effect on two or more wards □ Involves £100,000 expenditure/income □ Is otherwise significant for the service budget 	
		And when was the proposed decision published in the		

Notice of forthcoming	
decisions for the	
Council (must be 28	
days at the latest prior	
to the meeting date)	

PART 5 CONSTITUTION - PROCUREMENT PROCEDURE RULES

The Council's Procurement Procedure Rules state the following:

Before undertaking any procurement, Departments should satisfy themselves that:

- The works, goods or services are required and a need can be demonstrated
- There are no reasonable alternatives e.g. sharing or utilising spare capacity/inventories elsewhere within the Council
- Where relevant, they have considered the requirements of the Public Services (Social Value) Act 2012 and have recorded/evidenced the outcomes against the associated requirements:-
 - how what is proposed to be procured might improve the economic, social and
 - environmental well-being of the relevant area
 - how, in conducting the process of procurement, it might act with a view to securing that improvement

The National Procurement Policy Statement issued in 2021 sets out the strategic priorities for public procurement and how contracting authorities considers the following national priority outcomes alongside any additional local priorities in their procurement activities:

- o creating new businesses, new jobs and new skills;
- o tackling climate change and reducing waste, and
- o improving supplier diversity, innovation and resilience.

The Local Government Association developed a toolkit in 2022, to support councils to set objectives in relation to their maturity levels in each of the key areas of the National Procurement Strategy for Local Government in England, and to assess their progress against those objectives.

The Monitoring Officer confirms they have been made aware of the above and any	
additional comments from them are below:	

The Monitoring Officer is the author of this report.

FINANCE AND OTHER RESOURCE IMPLICATIONS

The Procurement Team has 4 FTE posts, which although vacant, the salaries are being used to fund an alternative delivery solution which is demonstrated below. The budget for the service consists of salaries and £22,670 for computer software.

At its meeting on 17th September 2021, Cabinet considered in Section 2 of its Financial Performance Update 2021/22 a small number of in-year budget adjustments set out in Appendix B to the Portfolio Holder's report, one of which reflected a proposed service level agreement being entered into with Essex County Council ('ECC') to enable the Council to 'buy in' procurement services from them through a partnership approach.

Discussions commenced with ECC in terms of a shared service / collaborative approach as a way of providing a more comprehensive procurement service to our internal departments. This approach would involve the Council purchasing a range of procurement services from ECC on a proposed 'hourly rate' basis via a service level agreement. Appendix B of the September Cabinet Report set out a proposed adjustment, which would see budgets transferred from direct employee costs to 'contract' payments to ECC. This approach would also support the accelerated delivery programme where the Council would have access to specialist / expert advice along with additional procurement capacity e.g. supporting the procurement of replacement cremators. This arrangement would be kept under wider review as it may form part of a longer-term solution, where the Council could continue to have access to such advice as part of the future delivery of projects and activities along with 'usual' operational requirements expected of a procurement function / service.

Paragraph 2.3 of the Council's Procurement Procedure Rules set out in Part 5 of the Council's Constitution requires alternative delivery options for whole or part of services to be achieved in accordance with the Council's Procurement Strategy. The Strategy expressly refers to 'Our Partners in Procurement' and that the Council will seek to work with a number of partners to maximise any procurement opportunities and provide best practice. This includes other public bodies and shared services. Because the in-house procurement service has 100% vacancies, there were no employment issues to address and the Public Contract Regulations 2015 permit public sector shared service and collaboration arrangements within certain criteria, which are observed in any Service Level Agreement arrangement. The Council's Procurement Procedure Rules are observed in any bids or tender exercises managed by ECC on behalf of TDC.

Subsequently, Cabinet agreed in September 2021 that:

- (2) That, in respect of the Council's Financial Performance for 2021/22, Cabinet:
- (c) agrees an exemption to the Council's procurement rules in order to enable a Service Level Agreement to be entered into with Essex County Council to enable the Council to 'buy in' various procurement services from them to support its day-to-day operational activities and the delivery of one-off projects, as necessary; and
- (d) authorises the Assistant Director (Finance and IT) and the Deputy Chief Executive to agree the terms of the Service Level Agreement, in consultation with the Portfolio Holder for Corporate Finance and Governance.

Following consultation with the Portfolio Holder for Corporate Finance and Governance, and an Officer Decision published on 24 August 2022, a Partnership Agreement was completed in August 2022; the services however commenced in October 2021 and will continue until October 2023 for an annual payment of £60,000. The agreement can be renewed annually for up to 5 years. The existing Partnership Agreement is attached to the Report as Appendix A.

Both Councils have obligations and responsibilities. Schedule 1 to the Agreement sets out the Key Procurement Activities, split into three areas:

- Category Planning
- Market Management

Sourcing

Procurement 2022 Deliverables have been identified within the Partnership Agreement.

The recommended proposal is to further contribute £45,000 from the Corporate Procurement and Contract Manager vacancy to Essex County Council to the shared procurement service to deliver the objectives, as set out in the report.

The Section 151 Officer confirms they have been made aware of the above and any additional comments from them are below:

Has no additional comments to make to those contained in the report.

USE OF RESOURCES AND VALUE FOR MONEY

The following are submitted in respect of the indicated use of resources and value for money indicators:

A) Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services:

The concept of a wider Shared Procurement Service across Councils within Essex builds upon existing Service Level Agreement to ensure the Council can perform a procurement function.

B) Governance: how the body ensures that it makes informed decisions and properly manages its risks, including; and

Currently, and until there is a review and consideration of adopting any jointly agreed strategy, rules and procures, all procurement activity will continue to be in accordance with Tendring District Council's Procurement Procedure Rules, as contained with Part 5 of the Constitution.

C) Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.

The Executive Summary of this report provides how the Shared Procurement Service can deliver the following benefits:

- Resilience with a larger team across both organisations that is able to meet the fluctuations in demand for the service:
- Expertise with the Essex Procurement Hub knowledge of district spend areas and the recognised expertise of ECC's procurement team enabling better constructed procurements and greater value for money;
- Collaborative savings through closer working and shared understanding of forward plans, the partnership will be better able to identify shared procurement and contract management opportunities removing duplication of resource time and increasing the opportunity for economies of scale; and

• Reduction of duplication.

MILESTONES AND DELIVERY

April 2023 – Official Launch - First Strategic Officer Group and confirm actions for first 6 months.

October 2023 – expiry of existing SLA with ECC for procurement services.

ASSOCIATED RISKS AND MITIGATION

There is a risk that with a wider Shared Procurement Service, Tendring District Council's procurement activity is reduced in prioritisation however, this is mitigated through further of a development procurement project pipeline for Tendring and the existing service level agreement with ECC for the first 6 months of 2023, during which time these risks can be reviewed.

Should Tendring decide not to join the Shared Procurement Service, it would be unable to help shape the future delivery and lose opportunities of closer working between Councils and maximising collaborative spending.

EQUALITY IMPLICATIONS

An Equalities Impact Assessment will be completed alongside the development of the Partnership Agreement and any revised strategies, polices and procedures through the share service.

SOCIAL VALUE CONSIDERATIONS

The Shared Procurement Service will be looking at it's approach to social value across the member councils, building on the social value policy developed by Brentwood Borough Council.

IMPLICATIONS FOR THE COUNCIL'S AIM TO BE NET ZERO BY 2030

Procurement is an important tool in tackling climate change. As part of the development of the procurement strategy and policies and procedures consideration will be given to how to incorporate environmental considerations in to the procurement process.

Access to knowledge on climate change as it relates to procurement will be available from the wider ECC team

OTHER RELEVANT CONSIDERATIONS OR IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

Crime and Disorder	There are no implications from the subject
Health Inequalities	matter of this report, however each project and
_	new procurement opportunity will consider
	these implications through the individual
	decision making.

PART 3 – SUPPORTING INFORMATION

BACKGROUND

The new Shared Procurement Service is looking to bring together two services through a partnership approach:

The Essex Procurement Hub

The Essex Procurement Hub (EPH) was formed in 2006 following a review of procurement needs across a number of Essex Authorities. The EPH is resourced and led by Braintree District Council (BDC) providing its members with:

- Strategic and operational procurement support
- Advice and guidance on procurements
- Added value in the procurement process, including support with the actual delivery of procurement activity such as the creation and running of tender activity.

The EPH also procures and manages a number of National framework agreements, delivering rebates of circa £100,000 per year, which offset the costs of the procurement function to the member organisations. BDC, Castle Point District Council and Epping Forest District Council are all current members of the EPH but membership of the EPH is open to other local authorities who wish to join. EPH members pay a fee directly to BDC to access the procurement support through a Service Level Agreement (SLA). The fee is based on cost recovery of the staff supporting that member authority.

The ECC &TDC Procurement Service:

In 2021, ECC started to provide procurement support to Tendring District Council, through a Partnership/Service Level Agreement at an annual cost of £60,000.

The ECC Service is currently resourced by a procurement specialist and procurement manager employed by ECC.

The New Shared Procurement Service:

The proposal is to create a shared procurement service which will bring together the existing ECC Shared Procurement team with the Essex Procurement Hub (Braintree District Council, Castle Point Borough Council and Epping Forest District Council) and the ECC Service (Tendring District Council and Essex County Council) to work in partnership for common benefit to all members. This will be a trial for three years and will

- Undertake procurement activity on behalf of the member districts and boroughs
- Identify collaborative procurement and contract management opportunities on behalf of all member organisations and deliver these procurements.
- Develop shared documentation and procurement approaches for use by members

The Shared Service will be resourced through:

- the existing EPH team employed by BDC; and
- a procurement specialist for 4 days a week and a procurement graduate for the equivalent of 12 months over the three year trial period provided by ECC.

The Shared Service will operate as follows:

- officers working within the EPH and the ECC Service will form the new shared procurement team (the Team);
- BDC and ECC will work together to be responsible for the day to day work management of the service delivery;
- officers within the Team will remain employed by their respective authorities, and will
 operate using their authority issued equipment.

The Shared Service will be operated using three groups. The terms of reference for these will be set out in the Partnership Agreement:

- a Joint Officer Operational Group chaired by the Category Lead for ECC and the Corporate Director for BDC to support the day to day operation of the Shared Service, managing staff workloads, agreeing prioritisation of projects in the forward plan and providing support to the operation of the service. This group will work with Epping Forest and Castle Point Borough Council, Tendring District Council and other member organisations as the Shared Service develops.
- A Strategic Officer Group with relevant senior management representation from TDC, ECC, BDC, Epping Forest District Council and Castle Point Borough Council to:
 - Set the strategic direction of the Shared Service;
 - Agree the priorities of the Shared Service, for example which new frameworks are needed across the partnership
 - Monitor performance of the partnership including delivery of the service in line with the income targets detailed in paragraph 6 below

The intention is for the group to evolve over the trial to incorporate councils who wish to join the Shared Service.

 A Member Advisory Group with representation from elected members from TDC, BDC, ECC, Epping Forest District Council and Castle Point Borough Council to review the performance of the Shared Service and promote the approach to shared working to support growth. The intention is for this group to evolve to incorporate councils who wish to join the partnership over the course of the trial

Neither the Strategic Officer Group nor the Member Advisory Board will hold decision making authority and neither authority is required to delegate authority as part of this proposal. All formal governance will fall to the respective authority to undertake in accordance with its own Rules of Procedure.

Consideration will be given throughout the three year trial to the future structure of the Shared

Service. This will be considered by the Strategic Officers Group. The deliverables for the service, in line with the trial period deliverables will be detailed by the Strategic Officer Group and reviewed quarterly when this group meets. This will evolve over the time of the trial, with deliverable reviewed by the Strategic Officer Group

The Shared Service will deliver the following benefits to Tendring District Council:

- Resilience with a larger team across both organisations that is able to meet the fluctuations in demand for the service;
- Expertise with the EPH knowledge of district spend areas and the recognised expertise of ECC's procurement team enabling better constructed procurements and greater value for money;
- Collaborative savings through closer working and shared understanding of forward plans, the partnership will be better able to identify shared procurement and contract management opportunities removing duplication of resource time and increasing the opportunity for economies of scale;
- Reduction of duplication in the delivery of support services such as policy creation and training, releasing time for staff to focus on value-add procurement activity.

The trial of the Shared Procurement Service will be assessed against the ability to deliver the benefits as defined above and the delivery of the targeted income. Key Performance Indicators will be detailed within the partnership agreement and regularly reviewed and reported on to the Strategic Officer Group. The Strategic Officer Group will ultimately decide whether the trial has been a success.

PREVIOUS RELEVANT DECISIONS

17th September 2021, Cabinet Minute. No. 42 ((2) (c) and (d).

24th August 2022, Officer Decision Essex County Council Service Level Agreement with Tendring District Council.

BACKGROUND PAPERS AND PUBLISHED REFERENCE MATERIAL

None

APPENDICES

Appendix A – Partnership Agreement (SLA) with Essex County Council.

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