

Procurement Update

Purpose of Report

1. This report sets out an overview of current procurement activity across the Council.

Current Position

2. The Council spent £144m on goods and services during 2014/15 of which 70% was in contract, a small improvement from the previous year. However, this does mean that there is still over £40m in off contract spend. The team will continue to work on engaging staff in these areas to improve the position. There has been an improvement in the reach of the Commercial Procurement Team from 18% in 2012/13 to 32% in 2013/14 and 41% in 2014/15.

Procurement Skills and capability across the Council

3. In order to actively promote the need to use the correct process when spending money, the procurement team have put together a toolkit which is used by all staff across the Council. The toolkit is available on the intranet and is continuing to raise awareness of the role of the Commercial Procurement Team across the Council.
4. There have been positive improvements in working relationships across the Council and the profile of the Procurement function has been raised by increased engagement with staff in a range of different services.
5. The Council Plan, agreed by Executive in October 2015 included the ambition to become a business friendly council and the emergency budget in June allocated £30,000 of funding to ensure it is easy for small businesses to bid for contracts. The Council carried out a survey during the latter part of 2015 which identified that the overall experience of our procurement service was positive.
6. The funding was provisionally earmarked towards:
 - a review of contracts and processes to simplify and streamline where possible
 - providing training for local businesses in how to use the Councils procurement portal
 - providing training and guidance on how to complete the key tender documents
 - a series of provider engagement events to share the Council's forward plan on future opportunities

- improving management information systems to ensure we can identify which of our suppliers are local small and medium-sized enterprises (SMEs).
7. Good progress has been made on all these actions, with members of the procurement team attending events at both the Chamber of Commerce and the Federation of Small Business to discuss upcoming opportunities to work for the Council. Training material has been prepared ready for delivery to suppliers and dates will be finalised in the New Year as it was felt sensible to await the outcome of the business survey so we could ensure any other issues raised could be covered.
 8. To date, only a small amount of the funding has been used. Work has been commissioned on some bespoke minor works contracts which will simplify the pre contract process for both the Council and businesses. In addition, some of the work to improve management information systems has been carried out using internal resources without the need to incur additional cost.
 9. There are still further areas for improvement and the following paragraphs give an overview of each category and demonstrate that each is at a different stage in terms of procurement activity.

Construction, Capital & Highways and Property & Facilities Management

10. For 2015/16 there is £39m of spend on the work plan. Main areas of current activity include Glen Lodge Care extension, Tenants Choice Scheme and Highways frameworks. The Commercial Procurement team are involved with all this expenditure.
11. In addition to the £39m identified above, the team have a role in supporting all major projects across the Council and have been much more actively engaged at an earlier point in many of these projects. These include, amongst others, the Southern Gateway, York Central, Burnholme redevelopment, Oakhaven and the York Outer ring road. We are also currently working with University of York in the development of a small works SME's framework.

Adult Social Care, Children's Services and Public Health

12. Recent activity includes Public Health contracts, Housing Related Support and respite care / short breaks. Almost all Adult Social Care procurement continues to be carried out by the service, which has a dedicated Commissioning Team. The Commercial Procurement team continue to work closely with the Commissioning Team, reviewing current services and highlighting opportunities to collaborate with other Councils.
13. Adult Social Care have previously submitted a series of waiver reports for 95 current commissioned services with a total contract value of £10m and will complete a comprehensive review of its contracted services. This will include

looking at joint and integrated service options with Health colleagues. The involvement of Commercial Procurement will include exploring the opportunities where joint commissioning with Children's Services and Public Health can be achieved.

14. The foster placements made by Children's Services are now commissioned through a regional framework agreement, the White Rose Independent Foster Care Placements for Looked After Children. We continue to engage with colleagues in Children's Service to support their commissioning requirements and identify collaborative procurements in the Yorkshire & Humber region and engage with neighbouring Local Authorities.
15. We have supported a range of services within Public Health including;
 - School Nursing and Health Visiting
 - Integrated Wellness Service
 - Oral Health Promotion
 - Substance Misuse Treatment Services
 - Integrated Sexual Health Service
16. Our regular attendance at the Regional Public Health Commissioning and Procurement group allows us to share knowledge, good practice and lessons learned as well as identifying collaborative procurement opportunities for Public Health commissioned services.

Professional and Support Services

17. The Professional Services category is responsible for at least £8.5m spend every year. There are large savings to be made across various projects and work is being undertaken to draw up business cases and project mandates to release savings. There are several large scale targets: learning, training and development, printing (including the print unit and Multi Functional Devices (MFD) contract that will need renewing), postage, CYC's insurance contract, ICT systems and software, and consultants/consultancy, which will make up the majority of the potential savings identified.
18. There are currently several major procurements live at the moment, as well as planning for future system procurements. These will be key in delivering savings over the coming years and the nature of and costs associated with the systems has meant detailed support from the procurement team which will continue through the buying and implementation processes.
19. Work has also begun to meet with suppliers to identify savings and reductions in prices to create immediate cashable savings. This work will continue to generate new ways of saving and/or rationalising products and services in order to reduce expenditure. We will continue to investigate areas of high spend against lower

tendered contracts, particularly in software and digital infrastructure areas. Establishing why contracts often cost more than predicted is key to future tendering and information gained from any reviews will help establish better whole-life estimates in the future.

Fleet

20. The park and ride will be re-tendered early this year and into next year. This is a key high-income contract for CYC and every effort is going into ensuring the income remains high whilst driving up environmental standards.
21. Two other large procurements are also planned, one for telemetrics and vehicle tracking equipment, and a parking services infrastructure project which may require some procurement support.

Progress made and challenges

22. Some positive improvements over the last 12 months include
- Improving visibility of expenditure in many areas
 - Earlier engagement with service areas
 - Increased engagement with suppliers through attendance at local events organised by both the local Chamber of Commerce and the Federation of Small Businesses
 - Progress in “Cutting Red Tape” and encouraging local SMEs to bid for Council contracts
23. The key issues still being faced include
- Still a lack of visibility of expenditure in some areas
 - Inconsistent record keeping and decision logging, which can result in off contract spend
 - Inconsistent contract management

Next steps

- Continue to raise awareness of procurement across the organisation
- Improve relationships with suppliers, particularly local SME's
- Improve management information to enable better reporting of spend and identify further areas for improvement.

Recommendation:

24. As this report is for information only there are no specific recommendations.

Reason: To update the Committee on current and planned procurement activity.

| | | | |
|--|--|-------------------------------------|----------------------|
| Author: | Chief Officer responsible for the report: | | |
| Debbie Mitchell Finance & Procurement Manager Ext 4161 | Tracey Carter Assistant Director - Finance, Asset Management & Procurement | | |
| | Report Approved | <input checked="" type="checkbox"/> | Date 22/12/15 |
| | | | |
| Wards Affected: All | | | |
| <i>For further information please contact the authors of the report</i> | | | |

Annexes - None