

**FOR PUBLICATION**

**PROCUREMENT PROVISION OPTIONS (B460)**

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| <b>MEETING:</b>                | <b>1. JOINT CABINET AND EMPLOYMENT &amp;<br/>GENERAL COMMITTEE</b> |
|                                | <b>2. CABINET MEMBER FOR BUSINESS<br/>TRANSFORMATION</b>           |
| <b>DATE:</b>                   | <b>1. 3 NOVEMBER, 2015</b>   |
|                                | <b>2. 21 OCTOBER, 2015</b>   |
| <b>REPORT BY:</b>              | <b>BUSINESS TRANSFORMATION MANAGER</b>                             |
| <b>WARD:</b>                   | <b>ALL</b>   |
| <b>COMMUNITY<br/>ASSEMBLY:</b> | <b>ALL</b>   |

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**FOR PUBLICATION**

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**1.0 PURPOSE OF REPORT**

1.1 To provide members with options with regards to the future of procurement support provision for CBC

**2.0 RECOMMENDATIONS**

2.1 That approval is given for Chesterfield Borough to join the NHS Procurement consortium for a period of 3 Years at an annual fee of £39,000. This will be based upon a comprehensive SLA to be developed by the Business

Transformation Manager in consultation with SLT & CMT to capture all foreseeable requirements.

- 2.2 That members approve the implementation of a 0.5FTE Client officer role to support the procurement process and work with the current PPP Client officer.

### **3.0 BACKGROUND**

- 3.1 The Council established a joint procurement unit with North East Derbyshire District Council NEDDC and Bolsover District Council (BDC) in 2008, the unit expanded further in the following years with both Ashfield District Council and Mansfield District Council joining the unit in 2010.
- 3.2 The service worked reasonably effectively for many years before Chesterfield withdrew in 2013 when key officers resigned from the unit, leading to the breakdown of the consortium. At this point in time Chesterfield felt it appropriate to bring the service back in house to manage its growing procurement need.
- 3.3 To support the immediate need an interim procurement specialist was brought in 3 days per week to support procurement demands.
- 3.4 In January 2014 a paper was presented to Joint Cabinet & Employment committee which formalised arrangements to bring the service in house with a Full time Procurement Manager post at Scale 12 and a full time procurement officer post at Scale 7 being established.
- 3.5 The temporary arrangements which have been in place since April 2013 have served the council well with the staff working efficiently and effectively, however, the resource has proven to be insufficient in volume to meet the procurement challenges and changing procurement framework which the council face. Also retaining temporary resource is not an appropriate or sustainable position. Although the service has worked hard to deliver effective outcomes on a day to day basis, the lack of capacity has prevented any real progress with regards to other key value adding issues including:-
- Providing a procurement template pack & guidance available on the intranet

- Developing a procurement strategy
- Updating working practices to reflect the impact of the EU procurement directive 2015.
- Training councils officers in procurement processes
- Conducting a spend analysis review
- Developing the commissioning cycle

Other factors which need to be considered include the impact of the Social value act 2012 on the procurement process along with the transparency code 2014 requirements.

- 3.6 The procurement officer role was filled initially on secondment, however, the postholder secured employment elsewhere and left CBC on 8<sup>th</sup> May 2015. Since this point the role has remained vacant and support is being provided through project academy on a temporary basis. Again this is not a sustainable position.
- 3.7 The Procurement Manager position was advertised during 2014, interviews took place, however unfortunately the Council were unable to secure a suitable candidate.
- 3.8 Presently the procurement team consists of an interim manager, 3 days per week supported by a loaned employee from Project Academy. This position is not sufficient or sustainable.

#### **4.0 Future options for Procurement Provision**

- 4.1 As previously stated the ongoing temporary arrangement is not cost effective or sustainable and therefore the Council has four options for the future procurement provision.
- 4.2 The Council now has four options moving forward
- Option 1 – Shared Service - Chesterfield NHS procurement consortium
  - Option 2 – Reshape an in-house procurement team which is fit for purpose to meet the future procurement needs of the council.

- Option 3 – Possible Shared service - Derbyshire County Council
- Option 4 – Full specification – Market Test

## **5.0 Council's Key Requirements**

5.1 The Council has the following basic key requirements which must be met by the service moving forward.

- All work undertaken must be compliant with the new and changing legislation, along with the councils constitution, reducing exposure to risk and challenge
  - EU Procurement Directive 2015
  - Social Value Act 2012
  - Public Contract Regulations 2015
  - Transparency Agenda 2014
  - CDM Regulations
- The service must support the One Council One Team ethos along with the other council values, Honesty & Respect, Can do & Customer Focused.
- The service needs to play a key role in securing measurable savings, through smarter procurement and challenging spending need.
- A contracts register must be established and maintained.
- A procurement strategy must be developed and approved by cabinet by March 2016
- A comprehensive forward plan of procurement requirements must be established and maintained.
- Training must be supplied to key officers and members by March 2016
- An E-tendering solution must be implemented and in use by March 2016.

- An update CBC procurement template pack must be developed and available via the CBC intranet by Dec 2015.
- Support must be available to all officers involved in procurement at all levels across the organisation, this support needs to consist of
  - Procurement route advice
  - Consideration of the commissioning cycle.
  - Detailed review of all paperwork (Specs, ITT, Evaluation criteria etc) for all procurements to ensure fit for purpose and that they have taken into consideration all corporate and service specific needs.
  - Management of tender process
  - Management of contracts register and procurement forward plan
  - Regular review of financial management system to help identify rouge spend
  - Identify collaborative procurement opportunities
  - Handling any challenge to the procurement process
  - It is planned to incorporate the Procurement Strategy, savings targets and transformation opportunities within the revised Great Place Great Service transformation programme

## **6.0 Option 1- Shared Service - Chesterfield NHS Consortium**

- 6.1 Chesterfield Royal Hospital hosts a NHS procurement consortium which manages procurement for NHS, NEDDC, BDC and Derbyshire Dales District Council. This is a shared service arrangement, established as a collaborative

agreement with mutual benefits and has been established in line with Local Government act 1972 section 113.

- 6.2 All the Senior Procurement staff within the team are MCIPS qualified and well established in an experienced team. Staff of this calibre are hard to recruit and in short supply, particularly in the public sector.
- 6.3 The consortium has provided a quotation, which looks to provide the same service in partnership with Chesterfield Borough Council at an initial cost of £34,000 per annum, this cost would increase year on year in line with any pay award, pay award for 2015/16 was 1%.
- 6.4 Highlights from the proposal including time frames to make services available to CBC are:-

| Area of work   | By When   |
|--|---|
| Introduce team to services and provide clinics for guidance and advice | Immediately   |
| Access to team via phone and email                                     | Immediately   |
| A refresh of CBC Procurement Documents (ITT, Spec, Tender packs etc)   | Developed in August 2015.   |
| Training for members and officers                                      | Immediately to agreed timetable   |
| Develop 3 year work plan   | Work commenced in July 2015 in response to needs identified by Internal audit. Will be completed during August / September 2015 |
| Analyse spend data   | Completed during July 2015 in response to needs identified by internal audit.   |
| Procurement Strategy   | Draft ready within 3 months   |

|                         |   |
|-------------------------|---|
| e - tendering platform  | Immediately and at no cost.   |
| Contract finder         | with immediate effect of the NHS undertaking procurement projects   |
| Transparency data       | New projects with immediate effect of our undertaking the procurement role. Back data between 1 and 3 months                    |
| Contract register       | Work commenced in July 2015 in response to needs identified by Internal audit. Will be completed during August / September 2015 |
| Social Value Compliance | Within 1 month ties in with above   |

- 6.5 It is proposed that this arrangement will be supported by an additional 0.5FTE, scale 9, (subject to Job evaluation) client officer to manage the contract alongside the existing PPP client officer arrangements
- 6.6 An additional £5400 has been committed to this partner during July – Sept 2015, this one off cost has covered an initial peak in work required to enable the contract to a shared service to deliver quick and effective results once approved, more importantly to address the results if the internal audit report from February 2015, and put the council in a position of understanding the profile of its procurement needs for the next 3 years, most importantly the next 12 months.
- 6.7 This upfront work has enable the council to better understand its upcoming procurement profile, adding clarity for all options covered within this paper as they are now based on an actual work plan.

## 6.8 Advantages & Disadvantages

- The advantages and disadvantages of the shared service arrangement are detailed below

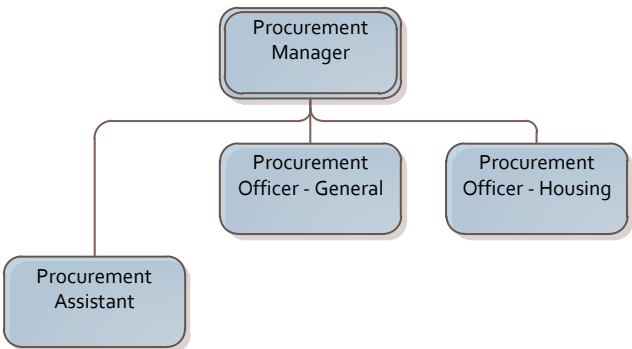
| Advantages  | Disadvantages  |
|---|--|
| <ul style="list-style-type: none"> <li>• Its a pre-existing, well established shared service with 7 MCIPS qualified officers</li> <li>• The shared service has experience and expertise with in the local government sector (current work for LA Partners and staff with significant LA experience)</li> <li>• The service has category managers with additional elements of procurement specialisms.</li> <li>• Work remains in public sector and in Chesterfield</li> <li>• Template pack already developed</li> <li>• Immediate EU Directive compliance</li> <li>• Immediate links to contracts finder</li> <li>• Data collection for transparency code reporting</li> <li>• Development of a contracts register</li> <li>• E Tendering platform available - Free</li> <li>• Quick delivery of a strategy &amp; policy</li> <li>• Access to a large established team of offices ( resilience )</li> <li>• Proven savings capability (£600K Bolsover &amp; 190K NEDDC 2014/15)</li> <li>• Swift and comprehensive training for</li> </ul> | <ul style="list-style-type: none"> <li>• Perceived lack of control</li> <li>• Officers need to build relationships and trust with new team</li> <li>• Not located within the Town Hall</li> <li>• Potential to incur additional costs (contract wording could address / control this)</li> </ul> |



|   |  |
|---|--|
| <p>officers and members</p> <ul style="list-style-type: none"> <li>• Access to new framework and contracts</li> <li>• Located within Chesterfield – Day to day operational benefits and keeping jobs local</li> </ul> |  |
|---|--|

**7.0 Option 2**

- 7.1 The current established procurement team structure, consisting of 1 Procurement Manager (scale 12) and 1 Procurement Officer (scale 7), costs the council approximately £92,000 per annum
- 7.2 The team is currently under resourced and this is reflected in the lack of progress with regards to areas stated at 4.2 of this report.
- 7.3 In order to ensure that the team is suitably resourced to meet the council needs it is felt that an additional procurement officer is required along with a procurement support role, with a structure and key duties as detailed below



**Procurement Manager**

- Procurement Strategy and advice
- Overseeing procurement exercises

- Compliancy to EU and Domestic Public Procurement Directives
- Overview of CBC procurement landscape
- Organisation and prioritisation of the team workload
- Team coaching, training, development & support of attainment of professional skills/qualifications within the team
- Research of market sectors plus Cabinet Office Procurement Policy Notes and best practice
- Liaison with Heads of Service and with Legal
- Lead on collaboration opportunities/stakeholder & supplier engagement
- Continuous development and innovations of procurement function
- Management of FOIs

### **Procurement Officers x2**

- Managing tenders through all stages of procurement cycle
- Advising service teams of compliant ways to market
- Quality Assuring client specifications and giving feedback to ensure market ready
- Research market developments and routes to market including liaison with national procurement hubs
- Liaise with Legal
- Assist in evaluation of tender bids and advise clients in the execution of
- Facilitating supplier feedback and general supplier queries
- Co-ordinate and run supplier information days
- Training for client officers on control of contractors & procurement training
- Development of template documents to ensure current & relevant and in adherence to all procurement regulations

**Note:** It is envisaged that one officer manages OSD/Housing procurements and one, all other procurements. This will give the OSD/Housing officer the opportunity to operate a 'light' category management approach and develop a better understanding of the market.

**Procurement Assistant**

- Management of the 'procurement mailbox'
- Build and maintain a depository of contacts and information relating to procurement routes and hubs and co-ordinate access
- Sending out of tender documents including recording for audit trails and logging information and documents back in
- Liaising with Members Secretary for tender submissions
- Management and housekeeping of the shared drive files
- Input evaluation data for tender submissions and communicate outcomes
- Archiving hard copy tender submissions
- Responding to a significant number of cold call enquiries
- Keeping comprehensive audit trails

It's worth noting that the above does not *included the development and roll out of an online procurement toolbox and the changes required to embed the Procurement Directive 2015 regulations*, these would fall under the Procurement Manager role, assisted by the other 3.

7.4 Advantages & Disadvantages

- The advantages and disadvantages of the in-house offer are detailed below

| Advantages  | Disadvantages  |
|---|--|
| <ul style="list-style-type: none"> <li>• New blood brought into a refreshed team – new ideas and</li> </ul> | <ul style="list-style-type: none"> <li>• New team will need to build relationships and trust with</li> </ul> |

|  |   |
|--|---|
| <p>initiatives and opportunity to work in a different way.</p> <ul style="list-style-type: none"> <li>• Opportunity to build a fit for purpose unit</li> <li>• Full controlled remaining in-house</li> <li>• Located within the Town Hall</li> </ul> | <p>officers</p> <ul style="list-style-type: none"> <li>• Risk of recruiting the correct staff (skill / salary mix)</li> <li>• Significantly increased costs.</li> <li>• Will take time for new team to be recruited and to become established – delay in delivering key requirements</li> <li>• Will incur recruitment costs and possibly training costs not currently budgeted for.</li> </ul> |
|--|---|

## 8.0 ***Option 3 – Commission procurement services via Derbyshire County Council***

- 8.1 Discussions have been held with DCC procurement team to assess an appetite for joint working / commissioning of a procurement service by CBC from DCC.
- 8.2 DCC have expressed an interest in working in this way, however they are more comfortable focusing on day to day service delivery only, as opposed to also offering a strategic procurement function. This has been offered at an approximate cost of £80,000 per annum.
- 8.3 High level details of what’s included in this offer is summarised below

The key objectives of the proposal would be to:

- Ensure compliance with internal and external regulations
- Deliver measurable cost savings
- Reduce your exposure to risk and challenge
- Ensure time saving
- Identify collaborative procurement opportunities

|  |  |
|--|--|
| <p><b>Compliance and Spend Review</b></p>      | <ul style="list-style-type: none"> <li>• Review the compliance and spend intelligence analysis to determine options for procurement (by reference to the work previously undertaken). As part of this review benchmark CBC's prices where possible.</li> <li>• Ensure the contracts register is fully up to date and fit for purpose and reflects the work previously undertaken on maverick spend. This will be used to identify opportunities to aggregate spending, assist forward planning, reduce maverick spend, assist resource planning and address transparency code requirements</li> </ul>  |
| <p><b>Procurement Plan (annual review)</b></p> | <ul style="list-style-type: none"> <li>• Produce a procurement plan (by reference to the updated contracts register) detailing forthcoming high value/complex procurements and assigning appropriate resources.</li> <li>• Use the plan to identify where savings are forecast and identify how such savings can be made i.e. potential collaboration with other authorities, improved sourcing etc.</li> </ul>  |
| <p><b>Operational Level</b></p>                | <ul style="list-style-type: none"> <li>• Ensure your procurement documentation is fit for purpose and reflects changes to public procurement regulations etc.</li> <li>• Work collaboratively with your officers to produce legally compliant specifications that are fit for purpose and set out your procurement requirements.</li> <li>• Run the complete tender or quotation process, including preparation of necessary tender/quote documents, contract preparation with your legal teams, contract advertisement, assisting with the evaluation in conjunction with your instructing departments, supplier/contractor negotiations and contract issue. All stages will be undertaken to ensure compliance with your financial regulations and contract procedure</li> </ul> |

|                            |  |
|----------------------------|--|
|                            | <p>rules, public procurement regulations and EU procurement law.</p>   |
| <b>e-Procurement</b>       | <ul style="list-style-type: none"> <li>• Potential sourcing and implementation of an electronic e-tendering system to cut down on paper tenders and reduce errors.</li> <li>• Potential deployment of DCC's e-procurement solution (SAP SRM) to enable electronic ordering from approved catalogues etc. and tracking of procurement activity to deliver transparency and improved procurement intelligence.</li> <li>• The delivery of appropriate e-procurement solutions may be subject to additional costs because of software licencing, functionality requirements, integration aspects and your Council's ICT infrastructure requirements.</li> </ul> |
| <b>Training</b>            | <ul style="list-style-type: none"> <li>• Delivery of targeted and periodic training for your officers where appropriate to increase compliance with your financial regulations and contract procedure rules, and improve understanding of procurement processes and regulations.</li> </ul>  |
| <b>Contract Management</b> | <ul style="list-style-type: none"> <li>• Working proactively with your officers to review contracts and provide advice and guidance in respect of contract management, monitoring performance of suppliers/contractors and support for contract variations/extensions.</li> <li>• Undertaking scheduled reviews where appropriate with suppliers to ensure contract compliance and review spend.</li> <li>• Leading on contract negotiations (where appropriate) in order to obtain on-going cost savings and efficiencies from your suppliers/contractors</li> </ul>  |

## 8.4 Advantages & Disadvantages

- The advantages & Disadvantages of the DCC offer are summarised below

| Advantages  | Disadvantages   |
|---|---|
| <ul style="list-style-type: none"> <li>• Access to large well established team (resilience and experience) MCIPS qualified officers</li> <li>• Work to stay within Public Sector</li> <li>• Could establish a new shared service</li> </ul> | <ul style="list-style-type: none"> <li>• Insufficient budget to cover client role, if client role included growth of approx. £5k per annum would be required.</li> <li>• Perceived lack of control</li> <li>• Officers need to build relationships and trust with new team</li> <li>• Not located within Chesterfield</li> <li>• Potential to incur additional costs (contract wording could address / control this</li> <li>• Additional costs required for an e-tendering solution. (EU directive requirement)</li> </ul> |

## 9.0 *Option 4 – Full Specification - Market Test*

9.1 A final service provision option for members to consider is, drafting full and detailed specification for our requirements for the procurement service and looking to fully test the market for service options.

9.2 Advantages and Disadvantages of a full market testing option are summarised below.

| Advantages   | Disadvantages   |
|--|---|
| <ul style="list-style-type: none"> <li>• Allows the council to fully test value for money</li> </ul> | <ul style="list-style-type: none"> <li>• Will take 6 to 12 months to complete.</li> <li>• Will take considerable officer</li> </ul> |

|  |   |
|--|---|
|  | <p>resource to facilitate</p> <ul style="list-style-type: none"> <li>• Will leave the council exposed to challenge whilst the exercise is undertaken.</li> <li>• Service provision will continue to be insufficient whilst the exercise continues, or additional resources at additional costs will be required during the exercise.</li> </ul> |
|--|---|

## **10.0 HR Considerations**

10.1 The Procurement Manager role is currently filled by a consultant – No HR Implications

10.2 Procurement Officer post – Post vacant - No HR implications

## **11.0 Union Comments**

11.1 Unison have been asked for comment on this report, there response is detailed below and addressed in section 12 of this report.

- We have a number of concerns regarding the Option proposed that the procurement process be transferred to the NHS Procurement Consortium.
- We are concerned that the move would leave us in a similar situation to the one we had when the three North East Derbyshire Councils ran a similar consortium (Shared Procurement Unit). We had a number of issues throughout the whole period within the joint working that meant CBC, felt as though we had no control and we were not able to meet our needs as a council. We withdrew from the previous Shared Procurement Unit and the report that went to Joint Cabinet & Employment Committee in 2014 stated that we warranted an in house function. Unison has not heard anything from Management or Member that has caused this to be changed.



- The cost of £39K is for service to be carried out for CBC within 37 hours a week. Therefore any other work required will leave us with extra costs on top of the original outlay, which we have experienced with other contracts that we have entered into. We lost prominent members of the SPU to the NHS, due to the NHS paying higher wages than the SPU. Therefore we query what we will be getting for our money. Are we getting the highly paid officer that would cost CBC much more money if it was provided in house? Or are we getting 37 hours at the equivalent of a scale 6 post requiring CBC Managers and Officers to carry out most of the work themselves. Savings then highlighted do not include hidden on costs of managers and officers own time. Errors have been made with previous SLA which in the long term has cost the council in either financial or in terms of service delivery
- Since the procurement unit has been returned to CBC we have seen massive progress made, with projects being delivered on time and compliant with all regulations. The visibility and accessibility was an issue that the in house element addresses. This has been stated by Council Members during transformation meetings.
- Whilst the report states that there will be no job losses. This is incorrect, as things stands at the moment there are two posts within the structure which are not actually filled with permanent staff. The transfer of the service would effectively be creating two job losses for CBC and Chesterfield as an area, as it does not look as though the NHS are going to recruit any further employees.
- Unison recognise that present situation of using Agency cannot continue to deliver the service required. From experience of previous shared service delivery and historical problems Unison cannot support the preferred option.

## **12.0 Management Response to Union Comments**

- 12.1 The arrangements put in place since the Procurement service was established in-house have been insufficient to meet the demand of the council's current procurement portfolio. Work which the procurement team have got involved in has been delivered well however, there are many procurements taking place with no input, support or guidance from the procurement team which exposes the council to an unacceptable risk of non-compliant procurements.
- 12.2 The recommended option provides the council access to a team of 20+ procurement officers, in contrast to 2-3 officers in the old shared procurement unit, these officers will be available via phone or for face to face meetings on request and a weekly drop in session at the town hall will be arranged from the beginning of the contract (this will be maintained if proven to be effective), this arrangement will allow significantly greater access to qualified support than the previous shared service arrangements.
- 12.3 Officers from the NHS will plan meetings with all managers and officers involved in procurement from the beginning of the contract as a means of introduction and relationship building. In addition they will provide training to all affected officers and members on the procurement process.
- 12.4 CBC Officers will be required to carry out the same amount of work as they do at present, including things such as Writing specifications (with the support of the Procurement unit) and evaluating tenders. The NHS officer time available to us will vary from procurement to procurement and will be based upon need and complexity, during the 1<sup>st</sup> few months of the contract we will get a greater amount of senior officer time whilst strategic issues are managed and the relationship established.
- 12.5 Whilst the contract proposal is based upon £39K costs the SLA wording is being developed to reflect this as an average and to make it clear that both parties expect that over the term of the contract there will be periods where support levels are higher and also periods where support levels are lower. We are reviewing this SLA with due

consideration to lessons learnt from previous SLA experience to develop a document that does meet the councils needs and is fair to both parties.

12.6 Of the two roles it is proposed to remove from the establishment, one is currently vacant and the other is being filled by a long term consultant, an arrangement which is not sustainable and is contrary to Union desires, This report will create an additional 0.5 FTE post for client management, a role which will focus on ensuring the council does gets best value from this arrangement and will tackle many of the points raised by Unions such as accessibility, level of support received, costs etc. In addition the NHS have confirmed that they will recruit an additional officer to their team providing a further job within the chesterfield region.

### 13.0 Financial Considerations

#### 13.1 Option 1

- Year 1 cost of £39,000, subsequent years would reflect any pay awards. This cost to be met from a combination of GRF & HRA relative to the work profile
- Allowance for a client officer of 0.5 FTE at scale 9, £20,000 per annum (**subject to job evaluation**, including on costs)
- This option provides an immediate saving to the council of £33,000
- Assume a contract start date of 1<sup>st</sup> October 2015 the in year saving for 2015/16 will be approximately £12,000

#### 13.2 Option 2

- The following table summarises anticipated costs of the role required to provide suitable resources within an in-house procurement team. This cost to be met from a combination of GRF & HRA relative to the work profile

| Role                      | Salary (top of Scale) | Total Costs (Including 30% on costs) |
|---------------------------|-----------------------|--------------------------------------|
| Procurement Manager x1    | Scale 12 - £41,148    | £53,924                              |
| Procurement Officer x 2   | Scale 8 - £28,127     | £73,130                              |
| Procurement Assistant x 1 | Scale 6 - £21,734     | £28,254                              |
| <b>TOTAL</b>              |                       | <b>£155,308</b>                      |

### 13.3 Option 3

- The approximately annual cost has been quoted as £80,000; addition officers would recommend an allowance for a client officer of 0.5 FTE at scale 9, £20,000 per annum, Total cost per annum approximately £100,000. This cost to be met from a combination of GRF & HRA relative to the work profile.
- Additional funding will be required for an E-Tendering system which is an essential part of the EU directive. This is an unknown cost at this stage.

## 14.0 Legal Considerations

14.1 The council has obligations to comply with a wide variety of legislation, along with the councils constitution whilst fulfilling its procurement duties, current implications worthy of note include:-

- Transparency Code 2014 – Arrangements are in place to capture the basic data required for publication, the NHS partnership service would provide the advanced set of data for publication on a monthly basis.

- Social Value act 2012 – The current team in mindful of this legislation and the council takes steps to add appropriate clause to relevant contracts to ensure added social value, this arrangement will continue through any partnership arrangements
- EU Directive 2015 – This directive which came into force on 26<sup>th</sup> February 2015 places some additional demands and expectations on the procurement function, to comply with an in-house team we would need to update all our templates and approach to OJUE tenders with immediate effect, we would also be required to procure a e-tendering system at a 5 year cost of approximately £8000, plus training and installation costs, Arvato project days etc. The NHS partnership arrangements have a compliant e-tendering system already place and the template pack and training for staff has already been updated to reflect the new requirements.

14.2 Any future procurement arrangements, in-House or partnership will need to work closely with our Procurement contracts team to ensure that both parties are happy with contractual approach and arrangements to best protect the interests of the council. The Procurement & Contracts Manager is liaising with other authorities using the service with a view to establishing appropriate processes from the outset

14.3 The council is able to enter into a Shared Services agreement with another local authority or NHS Trust / NHS Foundation, both parties must be in agreement and Section 113 of the local government act 1972 will be effective.

## **15.0 Risk Management**

15.1 The following risks have been identified in relation to future procurement provision for the council:

| Description of the Risk  | Impact | Likelihood | Mitigating Action   | Residual Impact | Residual Likelihood |
|--|--------|------------|---|-----------------|---------------------|
| Ability to recruit suitable candidates   | High   | High       | Utilise existing shared service or consider market supplements to attract the right calibre of candidates | Low<br>High     | Low<br>Medium       |
| Risk of non-compliance with EU Procurement Directive 2015, Social Value act 2014 or Transparency Code 2014 | High   | Medium     | Training for all key officers to raise awareness  | Medium          | Low                 |
| Lack of ability to deliver efficiency savings through the procurement agenda                               | High   | Medium     | Ensure a sufficiently resourced and skilled team is in place with a clear savings remit                   | Medium          | Low                 |
| Insufficient communication   | Medium | Medium     | Training for all officers   | Medium          | Low                 |

## 16.0 Equalities Impact Assessment (EIA)

16.1 The equalities impacts of all the proposals in this report for race, disability, gender, sexual orientation, age and religion have been considered and assessed and do not impact upon and are not impacted upon by the recommendation in this report.

## 17.0 RECOMMENDATIONS

- 17.1 That approval is given for Chesterfield Borough to join the NHS Procurement consortium for a period of 3 Years at an annual fee of £39,000. This will be based upon a comprehensive SLA to be developed by the Business Transformation Manager in consultation with SLT & CMT to capture all foreseeable requirements.
- 17.2 That members approve the implementation of a 0.5FTE Client officer role to support the procurement process and work with the current PPP Client officer.

## 18.0 REASONS FOR RECOMMENDATIONS

- 18.1 To ensure provide resilience, consistency, stability and continuity of procurement service for the next 3 years.
- 18.2 To ensure value for money
- 18.3 To contribute towards Corporate Plan aim of becoming self-sufficient by 2020.

You can get more information about this report from Karen Brown,  
Business Transformation Manager on Ext 5293

Officer recommendation supported.

Signed:



Cabinet Member

Date: 21 October, 2015

Assistant Cabinet Member comments (if applicable)/declaration of interests