

## CABINET

<b>Date of Meeting</b>	Tuesday, 16 <sup>th</sup> July 2019
<b>Report Subject</b>	Joint Procurement Service Annual Report 2018/19
<b>Cabinet Member</b>	Cabinet Member for Corporate Management and Assets
<b>Report Author</b>	Chief Officer (Governance)
<b>Type of Report</b>	Strategic

### EXECUTIVE SUMMARY

The Council has a joint procurement service with Denbighshire County Council, which acts as the host authority. The joint service has been in place since 2014 and Cabinet agreed to renew the Service Level Agreement (SLA) for that service with Denbighshire last year.

The renewed SLA includes an obligation for the service to produce an annual report on activity and performance against targets which are derived from the Procurement Strategy. The first such annual report is attached.

### RECOMMENDATIONS

1	That Cabinet note the annual performance report, and endorses the proposed actions to improve performance (where required).
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## REPORT DETAILS

<b>1.00</b>	<b>EXPLAINING THE JOINT PROCUREMENT SERVICE ANNUAL REPORT 2018/19</b>
1.01	The Council entered into a shared service arrangement in 2014 with Denbighshire County Council (“DCC”) for the delivery of procurement advice. DCC is the host body and employs the team who deliver the service. Cabinet agreed to renew that arrangement last year.
1.02	There is a Service Level Agreement (“SLA”) governing how the service is delivered. That SLA established a Procurement Joint Management Board (“PJMB”) consisting of senior officers and the Cabinet Member from each council. The PJMB holds the service to account, monitors performance and resolves issues relating to the delivery of the service.
1.03	The SLA also requires the service to report annually on its performance and the Councils’ achievement of their aims in the Procurement Strategy. The report for 2018/2019 is attached.
1.04	The report covers all aspects of the service such as budget and structure, as well as performance against its Key Performance Indicators (KPIs). Although the report currently shows that the service cost £4,000 more than budget, an adjustment is due that will reduce spend to within budget.
1.05	The service has recently reviewed its KPIs, keeping some and replacing others. The retained KPIs have an existing benchmark and so are measured against targets. The new KPIs do not yet have a benchmark so the Service is recording performance (from which targets will be set). The full performance tables are at Appendix 3 of the Annual Report, with the main indicators below.

### **Outcome 1 - The Council achieves value for money from the goods, works and services it procures**

<b>PI No</b>	<b>DESCRIPTION</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>COMMENTS</b>
<b>CPS2</b>	Number of Procurement Challenges	0	0	0	0	
<b>CPS3</b>	% of contracts delivering anticipated savings	50%	50%	60%	22%	Q1 - 3 of the 6 contracts awarded Q2 - 7 of the 14 contracts awarded Q3 - 3 of the 5 contracts awarded Q4 - 4 of the 18 contracts awarded
<b>CPS 4</b>	% of Procurements AWARDED collaboratively	17%	14%	40%	6%	Q1 - 1 of 6 Contracts Awarded Q2 - 2 of the 14 Contracts Awarded Q3 - 2 of 5 contracts awarded Q4 - 1 of 18 contracts awarded

### **Outcome 2 - The Council improves the contribution its procurement activity has on the local economy**

<b>PI No</b>	<b>DESCRIPTION</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>COMMENTS</b>
<b>CPS5</b>	% of spend with suppliers based within Mersey Dee Alliance area	37%	27%	37%	34%	

<b>CPS6</b>	% of spend with suppliers based within Wales	52%	44%	50%	51%	
<b>CPS8</b>	% of spend with suppliers based within Denbighshire	11%	11%	10%	13%	
<b>CPS9</b>	% of spend with suppliers based within Flintshire	28%	22%	29%	24%	
<b>CPS7b</b>	% of Flintshire contracts between £25,000 and £1,000,000 containing Community Benefits	83%	53%	33%	25%	Q1 - 5 of the 6 contracts awarded Q2 - 8 of the 15 contracts awarded Q3 - 1 of the 3 contracts awarded Q4 - 3 of the 12 contracts awarded
	% value of Flintshire Contracts awarded collaboratively	0%	27%	70%	27%	Q1 – None Q2 - £968,730 awarded collaboratively out of total £3,650,570 Q3 - £3,200,000 awarded collaboratively out of total £4,601,109 Q4 - £1,000,000 awarded collaboratively out of total £3,757,776
1.06	Procuring collaboratively should generate savings for both Councils by saving on procurement activity and increasing purchasing power. As such the overall level of collaborative activity is deemed to be insufficient and so the presumption is that henceforth all contracts will be procured collaboratively unless a business case to do otherwise is approved by the Chief Officer for that service. It may be necessary to extend some contracts in order to align expiration dates with DCC.					
1.07	The proportion of contracts above £25,000 (but less than £1m) in value containing community benefit clauses dropped towards the end of 18/19. This reflects the transition to social value as a more sophisticated way of achieving added benefit from procurement spend. Following the approval of the social value strategy by Cabinet in March that proportion will begin to rise as understanding of how to apply the new policy increases, and the new monitoring methods capture the activity being undertaken.					

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	The SLA states that the Council's will split the costs based on their share of the combined overall spend of both Councils. That spend will vary from year to year depending on capital projects but Flintshire broadly spends 55% and so its share of the running costs is 55%.
2.02	As mentioned within the report the service is within budget (after adjustments). DCC has recently changed the establishment for the structure which will reduce the cost of the service overall and so will further reduce Flintshire's contribution under the SLA.

<b>3.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
3.01	The report has been considered by the Procurement Joint Management Board.

<b>4.00</b>	<b>RISK MANAGEMENT</b>
4.01	The PJMB meets quarterly to monitor performance of the joint service. Corrective actions are reported back to and agreed at the respective management teams by officers.

<b>5.00</b>	<b>APPENDICES</b>
5.01	Appendix 1 – Procurement Service Annual Report 2018/19.

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	None.  <b>Contact Officer:</b> Gareth Owens, Chief Officer Governance <b>Telephone:</b> 01352 702344 <b>E-mail:</b> <a href="mailto:Gareth.legal@flintshire.gov.uk">Gareth.legal@flintshire.gov.uk</a>

<b>7.00</b>	<b>GLOSSARY OF TERMS</b>
7.01	<b>Key Performance Indicator</b> - a type of performance measurement used to evaluate the success of an organisation or of a particular activity in which it engages.