

Annual Review Collaborative Procurement Unit 2019-20

BACKGROUND

- 1 The Collaborative Procurement Unit (the “CPU”) was established on 1 July 2014. It is a collaboration between Denbighshire County Council (“DCC”) and Flintshire County Council (“FCC”). The Service Agreement for CPU between DCC and FCC ends 3 July 2021.
- 2 The structure of the CPU is set out in Appendix 1. Services provided by the CPU are set out in Appendix 2.
- 3 The CPU is part of the Legal, HR and Democratic Service at DCC, which is the host authority.
- 4 The Legal and Procurement Operations Manager manages a team of Procurement Business Partners and Procurement/Legal Support Officers whose duties are to ensure that all third party spend is commissioned and procured in accordance with each Council’s Procurement Strategy (the “Strategy”). Each Council has its own Strategy.
- 5 The annual spend data for DCC is set out below:
 - Total spend for goods services and works - £131,861,104
 - Amount of spend for Denbighshire businesses within the total spend for DCC - £43,126,045 (33%)
 - Amount of spend for third sector within the total spend for DCC - £9,168,522 (7%)
 - Amount of spend for third sector in Denbighshire within the total spend for DCC - £2,606,022 (6%)
6. The annual spend data for FCC is set out below
 - Total spend for goods services and works – £197,714,082
 - Amount of spend for Flintshire businesses within the total spend for FCC - £51,090,377 (26%)
 - Amount of spend for third sector within the total spend for FCC - £12,536,784 (6%)
 - Amount of spend for third sector in Flintshire within the total spend for FCC - £2,677,401 (5%).

PROCUREMENT STRATEGY

- 7 The Strategy was approved by each Council in 2016 to:
 - a) Have a clear approach as to how each Council undertakes its procurement activities and
 - b) Adopt the principles of the Welsh Procurement Policy Statement and obligations placed upon it by the Future Generations Act, the Social Services and Well Being Act and Procurement Legislation.

- 8 The general principles contained within the Strategy are:
 - a) An integrated procurement strategy setting out the vision and objectives in relation to all third party delivered goods, services and works.
 - b) A 'one-council' approach recognising the importance of the CPU working in partnership with Services throughout the Council.
 - c) ensuring due compliance and consideration of the Public Contracts Regulations, Welsh Government Procurement Policy, the Council's Contract Procedure Rules, and other associated legislative requirements.
 - d) Considers how the Council can actively improve the economic, social, environmental and cultural wellbeing of the local area in accordance with the sustainable development principles

- 9 FCC updated its Procurement Strategy in October 2019 to reflect changes arising from the adoption of the Ethical Code of Employment, the UK leaving the EU and the Carbon Neutral agenda. KPIs were also updated to reflect the changes which had been agreed in 2018 by the Joint Procurement Board.

10. DCC did not update its Strategy at the same time, and the version from 2016 is still in force.

11. The Strategies are due for review in 2021.

KEY PERFORMANCE INDICATORS

12. Appendix 3 contains the yearly figures for the KPIs. The summary is as follows:

KPI	Trend compared with 2018-2019
Number of procurement challenges	Stable -none
% of contracts delivering savings	Increase
% of contracts awarded collaboratively	Stable
Number of potential collaborative procurements	Decrease
% of spend with suppliers based within Mersey Dee Alliance	Stable

% of spend with suppliers based within Wales	Stable
% of spend with suppliers based within Denbighshire	Stable
% of spend with suppliers based within Flintshire	Stable
% of Flintshire contracts between £25,000 and £1,000,000 containing Community Benefits	Slight increase
% of Denbighshire contracts between £25,000 and £1,000,000 containing Community Benefits	Decrease except for quarter 4
% value of Denbighshire Contracts awarded collaboratively	Decrease
% value of Flintshire Contracts awarded collaboratively	Decrease

13. FCC approved its Social Value Strategy and related policy in April 2019. FCC appointed a Social Value Development Officer in summer 2019 and who has started to work with Services to include social value in relevant procurements.
14. DCC has now set up a Community Benefits Hub and 2 members of staff are in post, having started in March 2020. A draft policy has been produced but not yet adopted by DCC.
15. Performance in obtaining community benefits and social value is therefore expected to improve during 20/21.
16. The number of collaborative procurements is still low. It is difficult to get Services to accept the concept of collaboration and there will always be contracts that are not suitable for collaboration, such as construction contracts. Please see Appendix 4 and the following paragraph for further narrative.

PROCUREMENT ACTIVITY FOR CONTRACTS VALUED OVER £25,000 AND COLLABORATIVE PROCUREMENTS

17. Appendix 4 contains details of the collaborative procurements completed, in progress and those being discussed. It does not contain specific details about contracts awarded under the transport DPS for DCC and FCC nor call-off contracts under frameworks set up by either Council nor contracts awarded after an exception report.
15. Whilst the two Councils have agreed a collaborative approach to procurement, in practice, this has been difficult to achieve. The reason for not pursuing a collaborative procurement usually relate to different timings, different requirements or differing approaches to the procurement process. Reasons are stated in Appendix 4.

SAVINGS

16. A spreadsheet is kept recording anticipated savings expected at contract award. It also identifies projects where a tender cost exceeds the estimated budget. The top 7 of savings are set out below:

Contract Description	Estimated (Budgeted) Value	Award Value	Saving Comment	Savings Total
Provision of Assisted Garden Maintenance Service (FCC)	1,500,000	315,173	Savings listed as successful bid came in significantly under allocated budget of £1.5m. Supplier attended an interview to prove sustainability of quoted cost.	1,184,827
The Replacement of an Existing Road Culvert at Glascoed Road, St Asaph (DCC)	500,000	97,707	WG Grant 85% and DCC Capital 15%. Potential Savings as award value came in under allocated budget.	402,293
Grass Cutting Works on the Principal and Non-Principal Road Network Throughout DCC (DCC)	158,969	67,035	Overall cost of successful bid is less than the previous contract.	91,934
Fire Safety Improvement Works at Three Sites (DCC)	225,000	155,109	Savings of £69,891 listed, but in reality a reduced scheme was tendered to make sure all the works could be completed over the summer break.	69,891
Roof Refurbishment at Prestatyn High School (DCC)	230,000	181,677	Savings listed as project came in under allocated budget of £230k.	48,323
Fire Risk Improvements - Ysgol Y Faenol & Ysgol Bodfari (DCC)	155,000	111,185	Savings of £43,815 listed, but Ysgol Penmorfa was removed from this cluster and will be done on a separate project.	43,815
Pont Rhyd Y Saint Deck Replacement (DCC)	150,000	107,166	Savings listed as project came in under allocated budget of £150k.	42,834

SPEND ANALYSIS

- 17 The annual spend across Services for each Council is attached in Appendix 5.
18. There are sums which have not been allocated across Services. This is because entries have either not been coded on P2P or are coded incorrectly and cannot be assigned to a Service. These non-allocated sums are a substantial proportion of the total spend for each Council.
19. Data is processed via Atamis spend analytics software made available and fully funded by Welsh Government.

CONTRACT MANAGEMENT

20. Both Councils undertook a contract management audit in 2019 and recommendations were made to improve and increase the contract management process. Lack of contract management processes means that some procurement planning is done late requiring a rushed procurement, or some

contracts miss an expiry date and require an exception or variation form to ensure service continuity.

21. It continues to be the case that contract management is a Service responsibility, and the outcome of the audit did not change this.
22. At FCC, contract management training was undertaken by Legal Services to relevant officers. A report to the Chief Officer Team made it clear that contract management is Service responsibility and the management action plan produced to address the risks identified in the audit was considered.
23. At DCC, the outcomes of the contract management audit were to be picked up by the Corporate Support Service Review ("CSSR"). However, CSSR was put on hold during the pandemic in the current financial year, and has not yet started again. Therefore, a revised management plan is being produced for submission to the Senior Leadership Team to address the issues raised in the audit report. This will include contract management guidance for contract officers and a contract classification document linked to a risk assessment tool which will identify appropriate contract management steps to be undertaken by contract managers.
24. Procurement Business Partners were attending relevant Departmental Leadership Teams quarterly to report on contract management compliances and issues, but this has stopped whilst both Councils have officers working from home. This will start again once business as usual commences.

REGIONAL PROJECTS

27. There are some regional projects on-going mainly relating to social care and housing support projects.
28. A supported living lot has been set up under the regional domiciliary care framework and there have been a number of procurements under this lot, on a council by council basis. In addition, new suppliers have been added to the domiciliary care framework.

NATIONAL PROCUREMENT SERVICE

29. The Councils continue to consider the National Procurement Service Frameworks (£2,765,398 for FCC and £2,154,505 for DCC spend directed via NPS Frameworks in 2018/19) and will continue to procure from them where sourcing strategies evidence provision of value for money requirements against the Council's needs. The breakdown of spend against Service area is contained in Appendix 6.
30. The NPS is continuing with a small number of frameworks but is reducing the number that it maintains. Instead, the WLGA has produced a plan for regional procurement activity, where individual councils undertake the setting up of a particular framework for use either by councils in the region or by councils

across Wales, funded by a supplier levy. Neither DCC nor FCC is undertaking any regional procurement to set up a framework for regional or national use (other than for social care). This is because of:

- a) lack of resource in the CPU and in Services for drafting the documentation and carrying out evaluation;
- b) lack of resource in the CPU and Services to monitor frameworks, the amount of spend or deal with framework administration;
- c) a preference for using local suppliers where possible under different arrangements;
- d) no desire to require local suppliers to pay a levy for being appointed to the framework;
- e) transport costs for some goods increasing considerably if local suppliers are not used.

BUDGET

31. Details of the budget for CPU are set out in Appendix 7.

Appendix 1 Structure of CPU



procurement
structure job only.docx

Appendix 2

Services offered by CPU

CPU provides the following services to DCC and FCC:

Policy

- Provide advice on legislation and regulatory framework policies, that impact on procurement e.g. Contract Procedure Rules and European Procurement Directives.
- Develop, maintain and implement the Council's respective Corporate Procurement Strategies.
- Implement the Wales Procurement Policy Statement objectives as developed by Welsh Government.
- Develop and promote guidance reflecting procurement best practice.

Day-to-day Management of Procurement Matters

- Champion procurement in the Councils.
- Provide the strategic lead covering all procurement activities.
- Work with service areas to identify opportunities for co-ordination and co-operation.
- Co-ordinate initiatives aimed at improving purchasing power and lowering prices.
- Lead on corporate procurement initiatives and projects (e.g. e-procurement and joint procurement initiatives with other organisations).
- Undertake performance measurement, monitoring and comparison of the procurement function as well as suppliers or contractors.
- Carry out procurement research and Intelligence (including market intelligence).
- Report on spend across Services.
- Report on savings achieved through the procurement process.

Advice

- Advise and support service areas on the preparation of tender and pre-qualification documents including drafting specifications and terms and conditions.
- Develop and deliver a corporate procurement training programme for each Partner.
- Develop and produce clear, user-friendly guidance and information on procurement rules and best practice.

- Develop, maintain and disseminate through regular communication procurement best practice.

Appendix 3

KPIs



DCC&FCC KPI Data
Q1.Q2.Q3.Q4 19.20.x

Schedule 4 Collaborative procurements Details



Collaborative
Procurements Recor

Appendix 5

Spend Analysis

FCC Spend by Service 2019 - 2020	Total
Social Services	55,941,059
Capital	55,835,095
Streetscene	23,343,301
Schools	15,785,072
Housing & Assets	8,796,873
Education & Youth	8,031,703
Streetscene - Bus Service Support	5,611,490
Governance	5,048,247
Clwyd Theatr Cymru	3,055,415
Aura	2,008,053
Planning, Environment & Economy	1,979,805
Central & Corporate Finance	1,131,779
Newces	1,082,983
Strategic Programmes	883,974
Chief Executive's	688,361
Waste Procurement Project	332,034
People & Resources	312,929
Balance Sheet	115,244
Chief Exec- Emergency Planning	41,822
Agency Capital - Community Services	25,000
Finance	14,606
Grand Total	190,064,845

DCC Spend by Service 2019 - 2020	Sum of Invoice Line Value
Community Support Services	36,664,078
HIGENV - Environmental Services	24,156,680
Education & Childrens Services Schools	17,674,769

FAH - Facilities Assets & Housing	13,292,767
PPP - Planning and Public Protection	11,201,624
CCM - Customers Communication & Marketing	7,956,117
Business Improvement and Modernisation	3,132,131
Leisure	3,107,296
Finance	2,894,917
ADM-CML-Leisure & Youth Services	1,818,362
LHRD - Legal & Democratic Services	1,012,186
CEXEC - Chief Executive	524,428
Other	310,445
	123,745,799

Appendix 6

NPS Spend

FCC: information provided by NPS

Category	Contract/Framework	Spend
Construction FM & Utilities	Furniture	£2,825
	NPS General Building Materials	£1,016,893
	Cleaning and Janitorial Materials	£28,396
Construction FM & Utilities Total		£1,048,113
Corporate & Business Support Services	NPS Printing Services	£18,608
Corporate & Business Support Services Total		£18,608
Fleet & Transport	Supply of Liquid Fuels	£311,253
	Vehicle Hire II	£60
Fleet & Transport Total		£311,313
ICT	IT Products and Services	£405,453
	Structured Cabling Services	£48,722
	Multi Functional Devices	£11,313
ICT Total		£465,488
People Services	NPS Managed Service For Agency Workers	£173,074
	Waste Disposal Bags	£4,243
	Provision of Employee Benefit Schemes	£248,960
	Occupational Health Associated Services	£10,152
	Temporary Workers & Supply Teachers	£374,550
People Services Total		£810,979
Professional Services	Legal Services By Solicitors	£110,898
Professional Services Total		£110,898
Grand Total		£2,765,398

DCC: information provided by NPS

Category	Contract/Framework	Spend
Construction FM & Utilities	Furniture	£450
	NPS Electrical Heating Plumbing and Associated Materials	£1,342
	Cleaning and Janitorial Materials	£14,079
	Highway Lighting Materials	£190,089
Construction FM & Utilities Total		£214,960
Corporate & Business Support Services	NPS Printing Services	£25,733
	The Supply of PPE and Other Workwear	£23,792
Corporate & Business Support Services Total		£49,525
Fleet & Transport	Supply of Liquid Fuels	£150,807
	Vehicle Spares	£139,959
	Vehicle Hire II	£59,223
Fleet & Transport Total		£349,989
ICT	IT Products and Services	£824,908
	Structured Cabling Services	£15,278
	Library Management Systems	£9,641
	Multi Functional Devices	£8,433
ICT Total		£858,260
People Services	NPS Managed Service For Agency Workers	£225,965
	Assistive Technologies	£40,839
	Waste Disposal Bags	£39,914
	Provision of Employee Benefit Schemes	£181,801
	Occupational Health Associated Services	£8,882
Temporary Workers & Supply Teachers	£353,267	
People Services Total		£834,798
Professional Services	Construction Consultancy	£1,815
	Legal Services By Solicitors	£18,873
	Construction Consultancy Phase 2	£22,870
	Barristers and Solicitors Advocates	£7,850
Professional Services Total		£40,008
Grand Total		£2,154,505

Appendix 7
Budget for 2019-2020

OTHER TRAVEL COSTS	£56
FURNITURE - PURCHASE	£250
GEN. EQUIP. - PURCHASE	£0
GEN. EQUIP. - SERVICE AGREE'TS	£85
MFD COSTS - FIXED	£225
MFD COSTS - VARIABLE	£100
COMPUTER - PURCHASE OF HARDWARE	£185
COM CHARGES	£50
MOBILES	£800
PUBLIC LIABILITY INS RECHARGE	£1,808
PROFESSIONAL FEES - GENERAL	£350
SHREDDING	£55
TOTAL	£429,837

Flintshire Contribution 55%	£236,410
Denbighshire Contribution - 45%	£193,427

Matrix recharge FCC	£16,400
	£252,810

