

Meeting of:	<b>Cabinet</b>
Date of Meeting:	<b>Monday, 27 February 2023</b>
Relevant Scrutiny Committee:	Corporate Performance and Resources
Report Title:	Procurement Service – New Service Delivery Arrangements & Delegation Agreement
Purpose of Report:	To enter in to shared service arrangement with Cardiff for the delivery of the Procurement Function
Report Owner:	Executive Leader and Cabinet Member for Performance and Resources
Responsible Officer:	Director of Corporate Resources
Elected Member and Officer Consultation:	Cabinet Members and Senior Leadership Team
Policy Framework:	This is a matter for Executive decision by Cabinet.
<p>Executive Summary:</p> <ol style="list-style-type: none"> <li>i. The Council has been exploring options to strengthen its Procurement Function and ensure greater resilience in the team to properly support services in the procurement activity.</li> <li>ii. Currently there are two posts in the Corporate Procurement Function who report directly to the Head of Finance.</li> <li>iii. In 2023/23 an additional £50K was made available to grow the team with a further allocation of £30K in 2023/24.</li> <li>iv. Following consideration of a range of options as to the best way to proceed, it is proposed that the Council enters into a delegation agreement with Cardiff Council to deliver the Corporate Procurement Function.</li> <li>v. There will be benefits in leadership, strategic input, resilience and development of a forward plan to enable great challenge and support the drive for future procurement savings.</li> <li>vi. The Cardiff Team are also being engaged to undertake some groundwork ahead of the formal establishment of the shared arrangement.</li> </ol>	

## **Recommendations**

1. Cabinet is recommended to note the contents of this report.
2. Cabinet is recommended to approve the proposal to enter into a Delegation Agreement with Cardiff Council to deliver the Corporate Procurement Function.
3. It is recommended that Cabinet delegates authority to the Monitoring Officer/Head of Legal & Democratic Services to execute the necessary Delegation Agreement with Cardiff Council from 1st April, 2023 for a period of three years.
4. It is recommended that Cabinet receives a further update after the first year of the Delegation Agreement operating to consider progress.

## **Reasons for Recommendations**

1. To appraise Cabinet of the proposals.
2. To provide the authority to enter into the necessary legal arrangements.
3. To enable the Council to formally enter into the Delegation Agreement.
4. To update Cabinet on the progress made.

## **1. Background**

- 1.1 The Vale of Glamorgan Council has historically operated with a small Corporate Procurement function of two Officers reporting directly to the Head of Finance/Section 151 Officer. Whilst well regarded it is recognised that it is insufficient to deliver the full range of service to support an organisation with £178M of third party contracts and there is insufficient resilience at times of leave and other absence.
- 1.2 Day to day procurement is carried out on a predominantly devolved basis by officers based in the Council's directorates. This includes:
  - i. Developing the business case for expenditure and ensure funding
  - ii. Obtaining appropriate delegated authority levels
  - iii. Initial liaison with Procurement and if necessary Legal for any bespoke terms and conditions
  - iv. Drafting the specification
  - v. Any required public Consultation before final specification
  - vi. Determining the evaluation criteria
  - vii. Creating and collating the tender pack using standard Procurement documentation

- viii. Notify Procurement of any process over £15k
  - ix. Creating quick quote processes on Sell2Wales where appropriate and previously agreed with Procurement.
  - x. Submitting tender documents to Procurement for review and uploading on to Sell2Wales
  - xi. Ensuring a team member is registered on Sell2Wales portal to respond to questions and open tenders
  - xii. Evaluation of tenders and Request for quotations
  - xiii. Ensuring correct delegated authority is in place to award contracts
  - xiv. Notifying Successful and unsuccessful suppliers of the results of the procurement, taking into account the mandatory standstill period if necessary.
  - xv. Notifying Procurement of the contract to ensure that the contract award is also made on Sell2Wales
  - xvi. Raising Oracle purchase orders for any new contracts as necessary which includes creating new suppliers.
- 1.3** The Corporate Procurement Function provides service areas across the Council (including individual Schools) with advice, guidance, and support to ensure that procurement activity complies with all current UK legislation, the Council's Contract Procedure Rules and Regulations, policies and procedures, and works to promote effective, ethical and sustainable procurement across the organisation.
- 1.4** The Corporate Procurement Function provides a suite of standard documentation for use in a procurement process. The team has responsibility for E-Procurement in the Council, including E-tendering via Sell2Wales and certain administrative functions on Oracle iProcurement. It represents the Council on regional and national procurement groups, working parties and conferences as required.
- 1.5** The Corporate Procurement Function also undertakes relevant market research and facilitates market sounding exercises where necessary as well as providing training to officers as requested.
- 1.6** Currently the resource is considered to be too greatly stretched which presents a number of shortcomings as well as the lack of resilience. There is not a comprehensive corporate contract register or centrally managed forward plan. The absence of the forward plan means that the opportunity to strategically review and challenge renewal options is not always effectively explored.
- 1.7** In addition, the Council's focus on achieving value for money across total third party expenditure of £178M is a driver for the review in this area. In future years, there is the potential for procurement to further contribute to the Council's organisational resilience and financial strategy in larger part, and to enable innovation in the way services are delivered to meet increased complexity, demand and expectations of residents.

- 1.8** Procurement has a role to play in assisting the Council to meet its corporate objectives across the organisation. For example, Cabinet will note the recent update on Project Zero which estimated that 89.5% of the organisation’s carbon emissions are classified as ‘scope three’ or embedded within the supply chain. Procurement therefore has a significant role to play in assisting the Council to achieve the objective to be net zero by 2030.
- 1.9** In 2023/23 an additional £50K was made available in the base budget in recognition that the functions needs to be strengthened and a further £30K has been included in the Final Budget for 2023/24 which Cabinet has been requested to recommend to Council on 6th March, 2023 to approve.

## **2. Key Issues for Consideration**

- 2.1** A number of options have been explored to determine how to make best use of the existing resource and additional funding. There are essentially three key options:
- i. making appointments directly to the existing team,
  - ii. buying in external strategic support or
  - iii. working in collaboration with neighbouring councils.
- 2.2** A high-level appraisal of these three options is described below, considering the potential for the option to address the drivers for the review which are additional capacity and resilience, access to a breadth of procurement skills to contribute to the Council’s corporate objectives, and value for the Council’s expenditure in this area.
- 2.3** Option 1: Supplement the Existing Corporate Procurement Function
- 2.4** The additional budget does provide for some additional resource at an officer level and this would certainly enable greater coverage and some additional resilience for the existing team compared to that in place currently. There may of course be some challenges with recruitment and there is anecdotal evidence that this is a difficult market to recruit from at this time. The key issue though is the need for greater strategic input especially around the contract pipeline to ensure that there is a team which actively and constructively challenges to ensure best value – best economic cost and delivering to Corporate Objectives which are set out in the Corporate Plan.
- 2.5** Option 2: External Strategic Support
- 2.6** External Strategic Support is a second option. The council could simply plug some of the existing gaps through consultancy and agency support. However, this would inevitably be a costly solution and one where knowledge is unlikely to be retained by the organisation. The approach would not support the development of effective relationships with service areas, and an understanding of the organisational context.
- 2.7** Option 3: Collaboration with a Neighbouring Council

- 2.8** The third option is collaboration with neighbouring Councils. This option would have key benefits of sharing strategic advice and guidance and creating resilience as well as the possibility of joint procurement exercises.
- 2.9** Cardiff Council has a well-established and regarded Procurement Service with their current lead Chair of the National Social Taskforce for Wales and have been working in collaboration with Torfaen and Monmouthshire Councils.
- 2.10** The Vale of Glamorgan discussed its needs with Cardiff who put forward a Delegation Agreement proposal, which effectively wraps around the existing Vale of Glamorgan Procurement Function.
- 2.11** The proposal includes, one day a week (0.2FTE) of Leadership and Management resource which would report through to the Vale's Head of Finance/s151 Officer. The Head of Commissioning & Procurement from Cardiff Council would engage with members and senior officers to establish strategy, vision and direction. The Vale of Glamorgan Council would retain responsibility for driving change and providing challenge.
- 2.12** The Council's existing Procurement Officer resource would be supplemented by 0.2 FTE manager resource providing day to day direction. The nature of the existing Procurement Officers roles would be broadly unchanged but there will be the potential to align the contract pipeline with Cardiff, Monmouthshire and Torfaen Councils and therefore deliver procurement efficiencies. The 'Shared Service' would operate on a Category Management basis which will enable more specialist support to be offered, with greater challenge and insight. There is also the additional benefit in this option of significantly greater resilience.
- 2.13** The third element of the proposed arrangement is the provision of Strategy, Policy, Governance and Spend Analytics resource which would have potential to deliver long term efficiency savings for the Council. There would be far greater visibility of contract spend across the organisation through spend analytics. Alongside this there would be a comprehensive contract register in place aligned with the production of the registers in the partner authorities. Importantly, there will be a Forward Plan of upcoming procurement activity which will enable improved planning and challenge to the way in which services are delivered. The Forward Plan would be a quarterly standing item at the Council's Strategic Insight Board which would provide the focus for driving through efficiencies. Finally, there would be a review of the Contract Procedure Rules, Procurement Code of Practice and other advice and guidance held on StaffNet. There is the opportunity to align these documents with the partner authorities as appropriate which will support the efficient day to day operation of the service and ensure that they are more easily kept current and up to date. Finally Cardiff have a well developed approach to Social Value in their procurement which the Council take advantage of and which will also assist in the tailoring of the TOMs (Themes Outputs Measures) framework in the Procurement Policy & Strategy, also on this agenda.
- 2.14** It is recommended that Cabinet consider the options outlined above and it is recommended that Cabinet approve option 3 as the basis to proceed.

**2.15** The Head of Finance is working with Cardiff Council to put the Delegation Agreement in place, it sets out the scope and high-level operation of the arrangement which will initially be for three years. Advice is being taken from the Council’s Legal Team and approval is being sought for the Monitoring Officer/Head of Legal & Democratic Services to execute the necessary Delegation Agreement.

**2.16** Table 1 below sets out the resources available and cost of the proposed arrangement. There is only one existing member of staff at the Vale of Glamorgan who will be seconded to Cardiff and remain a Vale employee. The second Procurement Officer role has recently become vacant and will be recruited to by Cardiff Council and be a Cardiff Council employee.

**2.17** Table 1 – Summary of Procurement Resource

<b>Function</b>	<b>Resource</b>	<b>FTE</b>	<b>Cost £K</b>
Leadership & Management	Head of Commissioning & Procurement	0.2	20.989
Contract Pipeline Delivery	Snr Procurement Manager	0.2	17.298
	Procurement Officer (Existing) (Seconded) *	1.0	55.169
	Procurement Officer (Existing) (Vacant)	1.0	51.535
Strategy, Policy, Governance, Spend Analytics		1.0	48.381
		3.40	193.371

\* This role will sit outside the service agreement

**2.18** There is pre shared service groundwork planned to take place over the next six weeks, some of which will be finalised when the shared arrangement is in place.

**2.19** The Cardiff Team will meet the Council’s senior officers and identify key priorities for the next twelve months. They will also commence a review the Council’s existing procedures and processes including the Contract Procedure Rules and Procurement Code of Practice and explore initial areas for potential alignment. There will be a review of the resources the Council holds on StaffNet and development where necessary along with development of a training programme to support any gaps. They will undertake some initial analysis of the Council’s spend data. Finally, there will be work undertaken to build on the Council’s initial development of a contract Register which ultimately feeds through to the forward plan.

**2.20** The agreement is also going through Cardiff Council’s governance arrangements. It will be considered by their Cabinet on 23rd March, 2023 with a recommendation on to Council which meets on 30th March, 2023. The Arrangement is then planned to Go Live on 1st April, 2023.

### **3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?**

- 3.1** The joint working with Cardiff, Torfaen and Monmouthshire demonstrates the benefits of collaboration, key will be the share of ideas and resilience in service delivery. It strengthens the service for the future at a time when there is great pressure on Council resources and should help to secure more sustainable and long last procurement of third party contracts.
- 3.2** The proposals contribute to the Council's Corporate Objectives in a number of ways primarily through delivery of the Council's Procurement Policy and Strategy which promotes social value, support for the local economy, ethical procurement and climate action by the Council's suppliers.

### **4. Climate Change and Nature Implications**

- 4.1** Greater challenge and support service should help to deliver the aspirations of the Procurement Policy & Strategy also on this agenda ensure third party contract have a more positive impact on the environment.

### **5. Resources and Legal Considerations**

#### **Financial**

- 5.1** There is £30K growth in the Final Budget to Cabinet on this agenda to cover the additional cost of the shared service. The Shared Service does have the potential to support the Council is managing its existing contracts more effectively and to deliver procurement savings in the in the future.

#### **Employment**

- 5.2** The existing member of the Vale of Glamorgan Procurement Team will remain a Vale employee and be seconded into the shared arrangement and there has been regular engagement with that individual.
- 5.3** There has also been formal consultation with the unions on Thursday 16 February and the individual on Friday 17 February in line with Council policy.

#### **Legal (Including Equalities)**

- 5.4** The Vale of Glamorgan Council would delegate its Strategic Procurement functions for a term to be agreed under Regulation 7 of the Local Authorities (Executive Arrangements) (Discharge of Functions) (Wales) 2002 and s19 of the Local Government Act 2000, as well as in accordance with the Vale of Glamorgan's Constitution.
- 5.5** A delegation agreement has been prepared, which set outs the detail of how the arrangements will operate, including, amongst other things, provision for; secondment of staff, reimbursement of costs incurred by Cardiff Council in carrying out the delegation and termination of the arrangement. The delegation does not prevent the Vale of Glamorgan Council from exercising the delegated functions itself. Where the Vale of Glamorgan Council proposes to exercise any of the Delegated Functions itself with an estimated value of over £75,000, or which would materially impact the exercise of the Delegation (including agreed work plan) it shall: where practicable, notify Cardiff Council providing 7 days advanced notice of such proposed exercise and shall not be relieved in any way from making the Contributions as referred to in the proposed agreement.
- 5.6** In considering this matter the decision maker must have regard to the Council's duties under the Equality Act 2010 (including specific Welsh public sector duties). Pursuant to these legal duties Councils must, in making decisions, have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. Protected characteristics are: (a). Age, ( b ) Gender reassignment( c ) Sex (d) Race – including ethnic or national origin, colour or nationality, ( e ) Disability, (f) Pregnancy and maternity, (g) Marriage and civil partnership, (h)Sexual orientation (i)Religion or belief –including lack of belief.
- 5.7** Cardiff Council will accept an Executive Delegation from the Vale of Glamorgan Council to carry out their Procurement Functions, subject to the satisfactory conclusion of the Delegation Agreement referred to.

## **6. Background Papers**

None.