

<b>REPORT TO:</b>	Executive Board
<b>DATE:</b>	22 <sup>nd</sup> March 2023
<b>SUBJECT:</b>	Proposed Transfer of Procurement and Contract function to PSPS Procurement and Contract Team
<b>PURPOSE:</b>	To consider an alternative option for the future delivery of procurement and contract services across the Partnership
<b>KEY DECISION:</b>	Yes
<b>PORTFOLIO HOLDER:</b>	Councillor Richard Fry
<b>REPORT OF:</b>	Samantha Knowles, Assistant Director - Finance
<b>REPORT AUTHOR:</b>	Samantha Knowles, Assistant Director - Finance
<b>WARD(S) AFFECTED:</b>	None
<b>EXEMPT REPORT?</b>	<b>Appendix A</b> is exempt by virtue of <b>paragraph 3 of Schedule 12A</b> of the Local Government Act 1972 because it contains commercially sensitive information provided by existing organisations and in relation to the Councils business. The disclosure of this information into the public domain may provide advantage to competitors.

## SUMMARY

This report asks the Executive to consider the transfer of procurement and contract services into an alternative provider to supply a single streamlined approach to procurement across the Partnership.

## RECOMMENDATIONS

- That the transfer of procurement and contract services to PSPS Ltd. is approved as set out in the business case at **Appendix A**;
- That the ability to approve the necessary deed of variation (which supports changes to the Joint Venture Stakeholder Agreement) and amend any contract documentation resulting from the inclusion of Procurement into PSPS Ltd. be delegated to Robert Barlow, Chief Executive.

## **REASONS FOR RECOMMENDATIONS**

The business case sets out a clear proposal for the future provision of procurement and contract services across the three Councils, as well as being a financially positive proposition.

## **OTHER OPTIONS CONSIDERED**

To do nothing, which would result in the partnership having 3 different solutions for procurement and contract work.

## **1. BACKGROUND**

**1.1** Each Council in the South & East Lincolnshire Councils Partnership currently operates a different model with regard to its procurement function:

- ELDC have a part time procurement officer and some ad-hoc external support;
- BBC have an external support contract in place for larger procurement works through Kings Lynn and West Norfolk;
- SHDC have procurement support provided by Breckland Council.

Coordinating this mixed approach is a part time procurement officer, seconded from ELDC initially, but working across the Partnership until 31<sup>st</sup> March 2023.

**1.2** With the start of the Partnership, it became clear that a single solution for procurement would be needed – both in terms of the ability to deliver projects for all three councils using one process and in terms of the actual processes involved in procuring goods and services.

**1.3** In addition to the above, some Partner Councils have recently received audit recommendations to update policies and processes and to look to align with the rest of the S&ELCP. Whilst progress has already been made in these areas, a PSPS Procurement & Contracts service would be able to manage those processes together to deliver the required benefits.

**1.4** To facilitate the transfer, there will be a termination of the current arrangements:

- ELDC – cancellation of ProContract as of 26th January 2023, plus ending of secondment of Procurement Officer as of 31st March 2023;
- SHDC – termination of contract with Breckland – mutually agreed for 31<sup>st</sup> March 2023;
- BBC – ending of agreement with KLWN – mutually agreed for 31<sup>st</sup> March 2023.

## **2. REPORT**

**2.1** A business case was received from PSPS. In summary, PSPS stated that they:

- Would develop an in-house Procurement and Contracts service to deliver a single, aligned Procurement service to their 3 Client Councils as well as to PSPS;
- Would ensure a more proactive and compliant procurement function;
- Would support good governance with the expenditure of public funds;
- Would seek efficiencies and alignment of expenditure;

- Would provide best practice procurement advice;
- Would actively support and deal with contract management.

**2.2** PSPS indicated that there will be the need for an initial one-off investment to enable implementation of the service, followed by further investment on a revenue basis. These costs are already part of the budget provision for procurement in this year's budget papers. Full details can be found at **Appendix A** to the report.

**2.3** PSPS have currently not factored in any savings target or income generation into their business case, however it is anticipated that the contract management function within the service is likely to identify and deliver savings through both alignment and joint procurement opportunities. This will be routinely monitored and reported accordingly.

**2.4** The proposal is for PSPS to continue to deliver all the procurement and contract functions that currently exist within the 3 Councils, whilst adding new functions, to include:

- Developing and updating procurement policy, strategy, and plans;
- Delivering value for money from procurement activity;
- Managing and maintaining all Contract Registers, including monitoring review dates to ensure sufficient time is given to assess procurement options;
- Providing spend analysis including looking to seek potential efficiencies through joint procurement activity, as well as challenging non-compliant spend;
- Providing a detailed contract handover to 'Contract Managers' including a Contract Management Plan, as well as being on hand to actively support in the management of contracts, including reviewing performance, attending Contract Review meetings, and providing draft agendas for meetings;
- Training, development, and support for staff including specification writing, tender development, evaluation, and contract management.

### **3. CONCLUSION**

**3.1** Following the formation of the South & East Lincolnshire Councils Partnership (S&ELCP), the service that PSPS are proposing will allow for a consistent and aligned approach to Procurement and Contracts across PSPS and the 3 client Councils and dispense with the current unaligned external arrangements, who are at capacity in terms of their ability to deliver a greater service.

**3.2** It is envisaged that efficiencies will be delivered by the new Procurement & Contracts service through effective contract management, analysing spend data across PSPS and the client Councils to seek joint-procurement opportunities, and working in a proactive manner to add value throughout the procurement process. This will deliver value for money and future savings.

### **EXPECTED BENEFITS TO THE PARTNERSHIP**

A single approach to Procurement across the Partnership and PSPS will enable officer time to be freed up, and savings to be realised through the tendering of joint contracts where appropriate.

## **IMPLICATIONS**

### **SOUTH AND EAST LINCOLNSHIRE COUNCILS PARTNERSHIP**

See paragraph 2.4 of this report for details.

### **CORPORATE PRIORITIES**

Delivering high quality services.

### **STAFFING**

All current support is from external organisations. There is one post via ELDC, that is a secondment due to end on 31<sup>st</sup> March 2023.

### **CONSTITUTIONAL AND LEGAL IMPLICATIONS**

There will be an overarching SLA between PSPS and the 3 Client Councils. The Contract Procedure Rules have recently been reviewed, updated, and fully aligned across all 3 Councils, with the changes being added to each constitution ready for the start of the new fiscal year.

### **DATA PROTECTION**

As a LATco, PSPS already comply with all data protection requirements with regards data etc. so this will continue for the procurement service also.

### **FINANCIAL**

Costs are set out in the business case at **Appendix A** to the report.

### **RISK MANAGEMENT**

The initial agreement is for three years, with an option for two 12-month extensions. The risk could be increased costs after that initial period; however, this will be mitigated by the savings and efficiencies found by having a joint Procurement and Contract service.

### **STAKEHOLDER / CONSULTATION / TIMESCALES**

Consultation has taken place with the Finance Portfolio Holder, alongside discussions with Audit & Governance members as part of the consultation that took place during the alignment of the CPR.

### **REPUTATION**

Improper procurement activity can have a direct impact on the reputation of the Council, Officers, and Members. It is important therefore, that the Council ensures fair and transparent procurement processes are undertaken along with a robust approach to Procurement.

### **CONTRACTS**

Contracts with Breckland District Council and KLWN were ended by mutual agreement and terminate on 31<sup>st</sup> March 2023. A Service Level Agreement will be drawn up with PSPS to ensure provision requirements are clear.

### **CRIME AND DISORDER**

None

## **EQUALITY AND DIVERSITY/ HUMAN RIGHTS/ SAFEGUARDING**

None

## **HEALTH AND WELL BEING**

None

## **CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS**

None

## **LINKS TO 12 MISSIONS IN THE LEVELLING UP WHITE PAPER**

None

## **ACRONYMS**

PSPS Ltd. – Public Sector Partnership Services Limited

KLWN – Borough Council of Kings Lynn and West Norfolk

CPR – Contract Procedure Rules

SLA – Service Level Agreement

LATco – Local Authority Trading Company

### **APPENDICES**

Appendices are listed below and attached to the back of the report: -

APPENDIX A	Business Case
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### **BACKGROUND PAPERS**

No background papers as defined in Section 100D of the Local Government Act 1972 were used in the production of this report.

### **CHRONOLOGICAL HISTORY OF THIS REPORT**

A report on this item has not been previously considered by a Council body.

### **REPORT APPROVAL**

Report author:	Samantha Knowles, Assistant Director - Finance
Signed off by:	Christine Marshall, Deputy Chief Executive – Corporate Development
Approved for publication:	Councillor Richard Fry