

<b>CABINET</b>	AGENDA ITEM No. 9
<b>10 JULY 2017</b>	<b>PUBLIC REPORT</b>

Report of:	Director: John Harrison, Corporate Director Resources	
Cabinet Member(s) responsible:	Councillor David Seaton, Cabinet Member for Resources	
Contact Officer(s):	Vicki Palazon, Head of Finance (Business Operations and Development) Darren Ford, Head of Serco Procurement	Tel. 864104  384649

## PROCUREMENT UPDATE - JULY 2017

R E C O M M E N D A T I O N S	
<b>FROM:</b> John Harrison, Corporate Director: Resources	<b>Deadline date:</b> July 2017
<p>It is recommended that Cabinet:</p> <ol style="list-style-type: none"> <li>1. Approve the procurement Small Medium Enterprise (SME) position statement;</li> <li>2. Approve the procurement Ethical position statement; and</li> <li>3. Note the progress of delivering the Procurement Strategy and work of the Procurement Working Group</li> </ol>	

### 1. ORIGIN OF REPORT

1.1 This report is submitted to Cabinet following a referral by the Corporate Management Team meeting of 21 June 2017 following work delivered by the Procurement Working Group.

### 2. PURPOSE AND REASON FOR REPORT

2.1 The purpose of this report is to present to Cabinet for approval of the procurement SME and Ethical position statements that the council would incorporate into procurement undertaken and update Cabinet on the four outcomes of the five year procurement strategy and work of the Procurement Working Group.

2.2 This report is for Cabinet to consider under its Terms of Reference No. 3.2.4, *'To promote the Council's corporate and key strategies and Peterborough's Community Strategy and approve strategies and cross-cutting programmes not included within the Council's major policy and budget framework.'*

### 3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	<b>NO</b>	If yes, date for Cabinet meeting	<b>N/A</b>
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### 4. BACKGROUND AND KEY ISSUES

#### 4.1 EXECUTIVE SUMMARY

4.1.1 The Procurement Working Group have achieved a number of goals over the last few years. Most notably, the group have introduced the following :-

1. Five year council wide Procurement Strategy
2. Joint Procurement Working Group, combining departmental procurement strategic focusing group with representatives of both the Council and the Serco Procurement Team
3. SME position statement on how we deal with suppliers
4. Ethical position statement on how the council considers ethical concerns within procurements
5. Roll out of SourceDogg to enable better e-sourcing, e-notices, contract management, supplier management and management information
6. Implemented a number of successful high profile contracts working alongside council officers

4.1.2 Each of the above items are referenced in the main body of the report.

4.1.3 The success of the procurement activity has led to a national procurement award from the Chartered Institute of Procurement and Supply (CIPS) for the Peterborough Highways Contract with Skanska and a further submission has been shortlisted.

## 4.2 **PROCUREMENT STRATEGY**

4.2.1 Cabinet approved a five year procurement strategy at their meeting of 7 December 2015 whereby the council committed to four outcomes over the five year procurement strategy, each having defined success criteria attached to them:

- Undertake procurement that achieves the council's strategic priorities and being a commissioning led council.
- Achieve agreed efficiencies, effectiveness and economies of scale that demonstrates value for money for the residents, partner organisations, businesses and other interested parties, taking into account environmental, social and economic impacts when procuring products and services.
- Achieves improved business processes that streamline how the council interacts with its supply chain including through maximising digital technology.
- Promotes and supports small medium enterprises including community groups and local businesses.

4.2.2 Year one has seen a restructure of the Procurement function, a re-design of the service to enable the council to have a fit for purpose procurement service and for procurement to better deliver its obligations as part of the Peterborough Serco Strategic Partnership but also the strategy detailed above. The outcomes detailed above are delivered in multiple ways and below gives a brief explanation how:

- *Undertake procurement that achieves the council's strategic priorities and being a commissioning led council*; for all procurements undertaken by the procurement team, it submits sourcing plans that demonstrates the procurement is linked to anyone of the respective council's strategic priorities, and the success criteria outlined in appendix A. This sourcing plan is approved by the Procurement Working Group. Further opportunity to roll this out to council officers is being explored through two teach in sessions per year.
- *Achieve agreed efficiencies, effectiveness and economies of scale that demonstrates value for money for the residents, partner organisations, businesses and other interested parties, taking into account environmental, social and economic impacts when procuring products and services.* Being achieved through a variety of mediums, each procurement project undertaken by procurement will assess a variety of options such as collaboration, a review of how the service required and similar services are

delivered, taking account of any environmental considerations and new innovations and innovative delivery models. Contract Management of corporate contracts introducing Key Performance Indicators will help identify further innovative opportunities while also maintaining supplier performance.

- *Achieves improved business processes that streamline how the council interacts with its supply chain including through maximising digital technology.* The council chose a new procurement technology solution last summer with an implementation date of April 2017. The technology will help procurements become more efficient, and transparent, it will replace the current supplierforce system and improve the supplier registration process.
- *Promotes and supports small medium enterprises including community groups and local businesses.* Working with Opportunity Peterborough we have produced a guidance document for small medium enterprises, 'How to do business with Peterborough City Council' further engagement with Opportunity Peterborough to enable breakfast briefings which allows local businesses to interface with procurement and discuss future opportunities.

The detailed outcomes and success criteria are detailed in appendix A of this paper.

### 4.3 **PROCUREMENT WORKING GROUP**

- 4.3.1 To ensure that the outcomes of the five year procurement strategy are delivered, a Procurement Working Group (PWG) was set up. The PWG comprises of council and Serco officers across the departments of the council that have involvement in commissioning, procurement, finance and legal for procurement activity. The original purpose of the PWG at its inception was to provide a consistent and robust function of decision making, challenge, support and assurance to all procurement activities that support the procurement element of the Peterborough Serco Strategic Partnership (PSSP).
- 4.3.2 The PWG action plan consisted of 17 ambitious activities that either strengthened procurement practice, supported the council to meet legislative requirements, supported council strategies, or supported the PSSP.
- 4.3.3 Progress across the action plan has been significant progress against the action plan with 12 activities complete, one activity partially completed and four on track to be completed during the current financial year.
- 4.3.4 The PWG have also been involved in the procurement of some high profile contracts, the following being examples:-
1. Peterborough Highways Contract with Skanska
  2. Non Social Care Temporary Agency Staff Contract
  3. Multi Functional Devices (MFD) Contract
  4. Permanency Contract
  5. Counselling Contract
  6. Domiciliary Care Contract

The PWG continues to look at opportunities to save money and to produce effective and efficient contracts to support council services. Procurement activity is managed and maintained by means of an Annual Procurement Plan which is monitored and managed by the PWG.

Appendix B, shows progress of each activity in more detail.

### 4.4 **ETHICAL, SMALL MEDIUM ENTERPRISES POSITION STATEMENT, POLICIES AND GUIDANCE**

- 4.4.1 Procurement with the support of PWG have developed a number of supporting literature, which

enables the council to articulate its position to the local market regarding the use of Small Medium Enterprises, and also how the council will undertake Ethical procurement. The output is designed to be a position statement made publicly available and placed on the council's website. Cabinet are asked to approve these statements shown in Appendix C and D respectively:

- Appendix C - SME Position Statement Summary

The council recognises that the SME and voluntary sector (VCSE's) agenda is an essential engine for the Government Growth Agenda. The council supports this agenda and looks to create a more competitive and diverse supply network that offers innovation and improves value for money.

Key Points

- To work with the Chambers of Commerce and the Federation of Small Businesses to ensure our supplier engagement practices cater for SME's and VCSE's
- To ensure sourcing strategies, sourcing plans and our targets support the inclusion of SME's and VCSE's
- To ensure SME's and VCSE's receive relevant feedback on their bids
- To hold supplier days to enable SME's and VCSE's to better understand our sourcing strategies
- To publicise our sourcing opportunities on the PCC website to enable SME's and VCSE's to register an interest
- To monitor through supplier engagement the application against this policy / statement
- Review and Revise the policy / statement on an annual basis accordingly

- Appendix D - Ethical Position Statement Summary

The council understands itself and its suppliers must comply with national and other applicable laws and regulations and where there may be a conflict between these and any elements of this Position Statement/Policy, then the highest standards linked with such laws and regulations shall be applied.

The ethical position statement covers some key points which are listed below:-

Key Points

- Environment - Ensuring our suppliers demonstrate they have adequate environmental policies and management solutions
- Ethics - Ensuring our suppliers demonstrate the existence of processes and procedures and management systems to ensure the prevention of money laundering, conflicts of interest, fraud etc
- Society - Ensuring our suppliers have measures in place to address the following:-
  - Child Labour
  - Forced Labour
  - Health, safety and hygiene
  - Discipline
  - Working Hours
  - Freedom of Association and Employee Representation
  - Equality of treatment
  - Employee Terms
  - Remuneration
  - Community Impact
  - Modern Day Slavery

4.4.2 Further supporting literature has been developed by procurement; 'How to write Specifications' and internal guidance document to support council officers who works with procurement to establish the council's requirement.

4.4.3 There has been the development of a document aimed to support local businesses wanting to engage with the council; 'How to do business with the council' this shows those local businesses involved in a procurement exercise what they can expect and what the council is looking for in a good tender response.

#### 4.5 **GENERAL PROCUREMENT UPDATES**

##### **eProcurement (SourceDogg)**

4.5.1 A new eProcurement solution has been implemented from April 2017 and is being supplied by the procurement team as part of the PSSP contract. This system will improve the council's buying process, by replacing two legacy systems with one solution and at a cheaper cost to the council.

4.5.2 The SourceDogg system has been implemented across Serco globally plus a number of Public Sector environments, specifically the Public Health sector. The system achieves improved business processes that streamline how the council interacts with its supply chain through maximising digital technology that drives good practice in procurement, supporting strong governance and compliance.

4.5.3 This will be supported by driving a greater performance in procurement compliance for the council. Further improvements will be driven by this implementation, for example, the process of onboarding suppliers becomes less bureaucratic and burdensome on all suppliers who have been awarded contracts. It will be easier for Small Medium Enterprises (SME) as well as other prospective suppliers, to register their intention to want to work with the council, making the engagement process quick and simple by completing a simple registration document, and allowing prospective suppliers to pick the services they feel competent to deliver for the council.

4.5.4 The PWG have also introduced a requirements request form for new procurements to improve compliance and transparency across the council and exploring whether the use of robotics could be used in the process to automate some functionality further, for example to generate the contract award report.

#### 4.6 **Procurement Awards**

4.6.1 The PWG placed a submission based on Peterborough Highway Services at the national procurement Go Awards, under the category of Contract Management earlier this year and was announced winners of the category. Subsequently the Chartered Institute of Procurement and Supply (CIPS) contacted the council to publish an article in CIPS Supply Management magazine May edition.

4.6.2 A further submission has been made to the CIPS /SM Award (Procurement Professional Body) and the council has been advised that the submission has been shortlisted for the award category of Best Supplier Relationship Management.

#### 5. **CONSULTATION**

5.1 The Ethical position statement was shared with Councillor Ferris for comments following the work undertaken by the Member Officer Working Group as a result of a motion agreed by Council at their meeting of 4 March 2015. *'That in the interests of transparent and open decision making, this council agrees to develop an ethical investment and procurement policy'*. Councillor Ferris provided some feedback including thanking the officers involved in drafting the position statement and that he was broadly happy.

5.2 The Procurement Working Group comprises of council and Serco officers across the departments of the council that have involvement in commissioning, procurement, finance and legal for procurement activity. This Group provided input into drafting the SME and Ethical position statements.

5.3 The remainder of this report is providing an update of procurement activity undertaken and therefore does not require consultation.

## **6. ANTICIPATED OUTCOMES OR IMPACT**

6.1 Once the SME and Ethical position statements are agreed, these will be incorporated into procurements undertaken by council.

6.2 The Procurement Working Group will continue to work on delivering the next action plan incorporating any comments made by Cabinet as part of delivering the outcomes within the five year procurement strategy.

## **7. REASON FOR THE RECOMMENDATION**

7.1 The strategy provides a framework for procuring goods, works and services with third parties over the next five years. The strategy includes monitoring arrangements by providing Cabinet with an annual update.

## **8. ALTERNATIVE OPTIONS CONSIDERED**

8.1 The council could do nothing, however, the council has committed to a five year procurement strategy as the council spends in excess of £200 million per annum on procurement activity and the council Contract Rules refer to the council having a procurement strategy.

## **9. IMPLICATIONS**

### **Financial Implications**

9.1 There are no financial implications associated with this report.

### **Legal Implications**

9.2 All legal implications have been considered as part drafting the SME and Ethical policies through representation by legal officers attending the Procurement Working Group.

### **Equalities Implications**

9.3 There are no equalities implications associated with this report.

## **10. BACKGROUND DOCUMENTS**

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

10.1 Procurement Strategy 2015 - 2020

## **11. APPENDICES**

11.1 Appendix 1 - Procurement Strategy Outcomes  
Appendix 2 - Procurement Plan December 2015 - June 2017  
Appendix 3 - Small, Medium Enterprises (SME) Position Statement  
Appendix 4 - Ethical Position Statement