

**CABINET**

**HEAD OF STRATEGY, ENGAGEMENT  
AND ORGANISATIONAL DEVELOPMENT**

**22 September 2015**

**REPORT NO. SEO1501**

**PROCUREMENT SERVICE AND BETTER PROCUREMENT PROJECT**

**1. Introduction**

- 1.1 This report sets out progress with the Council's better procurement project. It also identifies current and future demands and proposes changes to the resourcing arrangements for the Council's procurement service.

**2. Background**

- 2.1 In December 2014, Cabinet received a report on the Council's Better Procurement Project and the Transparency Code. Better procurement is a key part of the Council's 8 Point Plan. It is generally accepted that procurement, undertaken well, not only ensures the council can continue to deliver quality services but we can also achieve better value for money and cost reductions. At that time, Cabinet agreed to additional procurement resources for a period of 12 months. The additional resources were particularly to enable the implementation of new contract standing orders and to support the Council's programme of procurement activity with a view to bringing forward potential savings earlier, in line with the Council's 8-point plan for sustainability.
- 2.2 These additional resources are currently being provided by Basingstoke and Deane Borough Council working with the Council's part time procurement officer (0.6FTE), giving a total resource of around 1.2FTE. The service has been working well and the Council's new contract standing orders have been put in place. To date 64 staff have been trained in the new policies and requirements. Over £165,000 of cost reductions and benefits have been secured from procurement activity so far in 2015 - supported by the Basingstoke team and the Rushmoor's Procurement Officer.

**3. Service Demands**

- 3.1 Due to the new EU legislation, the revised Contract Standing Orders require any procurement valued over £50,000 to be carried out by or with the assistance of the procurement service. As anticipated, this has created more demand for officers to have procurement support to enable them to achieve compliance and the cost reductions which form part of the Better Procurement work stream of the 8 Point Plan. To date we have managed this demand by addressing the most urgent procurement projects using the Basingstoke team.
- 3.2 However, due in part to the increased focus on the delivery of sustainable savings, the demand for procurement support has now exceeded the capacity we have to deploy against it. We are now placing procurement projects into a queue, which is not ideal as we would prefer to be more responsive and explore the opportunities for

savings as quickly as possible. We would expect the levels of procurement support needed by managers to reduce over time, as they become more experienced with the new approaches. However, demand is likely to continue to increase for the foreseeable future while the Council maintains its focus on financial sustainability and officers work through all of their areas of spend.

- 3.3 In addition to the work identified above, ongoing requirements of transparency code mean that spend has to continually be analysed in order to ensure that the correct information is held on our public contracts list. In addition to the contract list, details of every purchase made over £5000 has to be published. There is also a frequent FOI demand on the service.
- 3.4 Alongside this work, the Council's procurement officer has also become increasingly involved in supporting the re-procurement of the Council's waste, street cleansing and grounds maintenance services. This project will continue for a further 12-15 months and has been utilising around one third of the Procurement Officer's time.
- 3.5 Looking ahead, the Council's leisure facilities contracts renewal is due in 2019. From our experience with the waste contract, the work for this will need to begin in 2017 and we would expect to have a significant pull on the procurement service for this project. In 2018, the law will require that all tenders are carried out electronically. We are currently working towards this deadline implementing an e- procurement tool to manage the tender process.
- 3.6 Taking all the above into account it is now necessary to put forward a proposal for the future resourcing of the procurement service on the conclusion of the current contact with Basingstoke.

#### **4. Proposal**

- 4.1 Procurement activity is key in supporting the Council's approach to sustainability but also needs to be a sustainable service in its own right. We have therefore looked carefully at resourcing options that provide appropriately skilled resources to support our demand but not create significant long-term cost increases for the council which would not be 'covered' by the benefit. The options considered included;
  - Continue our current approach with an extension of the Basingstoke contract for a fixed period of time (e.g. 12-24 months) and use that resource to work with officers on a prioritised basis. Cost £27,000 per annum.
  - Employ an additional full time qualified procurement resource for a fixed period of time (12-24 months) to manage a caseload of procurement projects with officers and make progress against savings opportunities. Cost approx. £35,000-£45,000 pa. Maximum would be for recruitment via agency.
  - Develop a more flexible, and potentially longer-term solution, by employing a junior part qualified procurement resource into a career grade role. Initially on a 2 year fixed term basis with the intention that if, on review, the role was found to be delivering a net benefit (i.e. directly attributable activity was securing more savings than the costs of employment), then we would have the option to retain the role for a further period. Costs £23,146 per annum, assuming G3 appointment.

4.2 Careful evaluation of these options with the Directors Management Board has resulted in a conclusion that employing a junior role on a 2 year fixed term basis would be the most appropriate and cost effective solution for the Council at this time.

## **5. Recommendation**

5.1 Cabinet are RECOMMENDED

To agree the appointment of additional procurement resource as set out in paragraph 4.2 above

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**Background paper – Report to Cabinet 2 December 2014 - [Item 8 - Better Procurement Project and the Local Authority Data Transparency Code 2014 - Report No. SAC1401 \[303kb\]](#)**

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