



OVERVIEW AND SCRUTINY COMMITTEE

Notice of a Virtual Meeting, to be held on Tuesday, 9th March, 2021 at 7.00 pm.

The Members of the Overview and Scrutiny Committee are:-

Councillor Ovenden (Chairman)
Councillor Chilton (Vice-Chairman)

Cllrs. Blanford, Burgess, Campkin, Farrell, Hayward, Howard-Smith, Iliffe, Krause, Ledger, Mulholland.

Agenda

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Agenda Item 5

Agenda Item No: 5



Report to Overview and Scrutiny Committee

Update report on Procurement Process

The Overview and Scrutiny Committee is asked:

1. To note the contents of the report and raise any points for further discussion.
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Date of O&S meeting: 9th March 2021

Chair of O&S Committee: Cllr Ovenden

Relevant Portfolio(s): Corporate Property and Projects

Summary: The Overview and Scrutiny Committee has asked for a paper to be shared on the procurement process, specifically some questions raised after presentation to O&S in November 2020. In response, officers from the corporate property and projects service have produced this paper. It seeks to:

- detail member involvement in relation to high value in procurement,
- detail centralised procurement,
- detail procurement procedures, and the ability to negotiate on price

Exempt from Publication: NO

Background Papers: Presentation 20th November 2020

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Report Title: Procurement Process

Introduction and Background

1. The Overview and Scrutiny Committee has asked for a paper to be shared on specific aspects of the procurement process. In response, officers from the corporate property and projects department have produced this paper.
2. It follows on from a recent presentation given to Overview and Scrutiny Committee in November 2020, and questions generated subsequently.
3. This paper seeks to:
 - detail member involvement in relation to high value in procurement (part a)
 - detail centralised procurement (part b)
 - detail procurement procedures, and the ability to negotiate on price (part c)

a) Member Involvement in high value procurement

4. **Members are involved at the outset of any procurement exercise that the council undertakes with their participation at the following stages;**
 - agreement of Contract Standing Orders (part of the Constitution) agreed by Members at Cabinet - details the robust approval process in place for agreeing tenders at officer
 - service planning
 - budget setting– Cabinet/Council approval
 - portfolio meetings with Head of Service – update on Service projects
5. Members are greatly involved in large value, high profile procurement, for example refuse collection contract, new leisure services operator and capital works contract for the Stour Centre, and Vicarage Lane to name a few recent higher level procurements.
6. An example of how members were involved in the Leisure Service procurement and Vicarage Lane project are précised below;
7. **Leisure Services**
 - budget setting and agreement of project proposals
 - regular briefings to Portfolio Holder by Head of Service
 - lead member appointed who's role was to chair Working Group for procurement of new operator
 - lead Member attended presentations and interviews with bidder
 - reports for approval to members at key milestones throughout the procurement ,
 - Cabinet final decision of successful bidder operator, ratified by full council.

8. **Vicarage Lane – three separate procurements for Development Manager, Project Manager/Quantity Surveyor/Employers Agent, Architect**
 - budget setting and agreement of project proposals
 - Cabinet /Ashford Town Centre Regeneration Advisory Committee (ATRAC) chaired by Portfolio Holder and has cross party representation who role is to oversee the development proposals
 - Leading members evaluated the appointment of the professional project team
 - interviews of bidders – panel included members and Leader
 - appointment of the contractors and delivery thereof overseen by ATRAC
9. For smaller value, day to day procurement, members do not have such great involvement, but still with budget setting and project agreement responsibility.
10. Officers work with the procurement and contract team to form the procurement, and receive advice and guidance from this team.

b) Centralising procurement

11. A centralised Procurement Team was established 6 years ago and procurement activity is channelled through the team, with the main aim of bringing consistency to the procurement process.
12. **Category Management** - The council have recently adopted category management which brings a strategic approach to procurement where spend is segmented and categorised into areas which contain similar or related products enabling focus opportunities for consolidation and efficiency.
13. Category Management is a corporate priority and part of the larger commercialisation project being undertaken. Workshops are being held with officers looking at each of the 27 procurement categories that have been identified (examples; Facilities Management, Construction. We are using the workshops to analyse supplier spend and align similar contracts and suppliers managed by different services.
14. Expected Outcomes of Category Management;
 - improved Contract Monitoring and Supplier performance;
 - greater client satisfaction – improved contract management with a consistent approach;
 - helps contributes towards economies of scale in buying;
 - improved budget management and cost control;
 - no maverick spend;
 - potential cost savings in bringing similar streams of work together, reduction in suppliers, less supplier set up, monitoring, invoice costs;
 - improved insight into ABC spend;
 - enhanced supplier relationships
 - consistency and transparency

- reduced number of Contracts/ Suppliers to manage
 - improved collaboration between Services, breakdown the sSilos
 - better procurement and more efficient use of time. Helps to organise the procurement team resources
 - shorter lead in times – Works and Services delivered more promptly
 - better market engagement and analysis to fully leverage negotiations for key categories;
 - helps the council correctly manage their suppliers in alignment with the corporate objectives;
 - increased leverage of spend;
 - improved pricing;
 - higher discounts.
15. As we begin to align more contracts there will be opportunity to adopt the same specification.
16. Working with our colleagues in the Finance Section we will also begin to reduce adhoc and maverick spend, with clearly defined procurement routes and suppliers, thereby bringing further consistency and governance to the procurement process.
17. **Contract Management** - As well as a centralised procurement resource we have also recruited a Contracts Officer to work within the team who provides advice and guidance to colleagues managing contracts, again to bring a consistent approach

C) Centralising Procurement

18. **Procurement Procedures** - The current ‘open’ and ‘restricted’ procedures do not allow for negotiation with bidders during the procurement process, but are the most commonly used. The more flexible procedures, which do allow for negotiations at different stages (subject to certain restrictions), such as the competitive dialogue procedure and the competitive procedure with negotiation, are less frequently used. Collectively the four procedures which allow for negotiations of competitive dialogue; competitive procedure with negotiation; innovation partnerships procedure, and design contests, account for less than 10% of all advertised contracts awarded in the UK between 2016 and 2018.
19. There is significant overlap between these four procedures, in particular the competitive dialogue procedure and the competitive procedure with negotiation. The restrictive nature of the procedures makes them unsuitable for many procurements and the detailed rules tie buyers’ hands in using them. Design contests were introduced in the Public Contract Regulations 2006 with the innovation partnership procedure following in the 2015 update. The hope was to encourage innovation but the complex rules have proved impenetrable to many buyers and they are rarely used. In 2017, only three contract notices for innovation partnerships and five for design contests were published by UK contracting authorities.

20. There is currently a green paper produced by Central Government being consulted on (Consultation end 10th March 2021) with the proposal to replace the existing seven procedures with three simple, modern procedures with the possibility of negotiation;

- a new competitive, flexible procedure that gives buyers maximum freedom to negotiate and innovate to get the best from the private, charity and social enterprise sectors;
- retain the open procedure which buyers can use for simpler, ‘off the shelf’ competitions as now (expanding its availability to suitable defence and security procurements for which this procedure is currently not available);
- retain the negotiated procedure without prior publication but renaming it as the limited tendering procedure.

Recommendation

21. The members of the Overview and Scrutiny Committee are asked to note the contents of this paper.

Contact and Email

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