

**Report To:** Cabinet

**Date of Meeting:** 30 October 2018

**Lead Member / Officer:** Julian Thompson Hill/Gary Williams

**Report Author:** Helen Makin Legal and Procurement Operations Manager

**Title:** **Collaborative Procurement Unit**

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**1. What is the report about?**

This report is about the Collaborative Procurement Unit which is part of Legal Services and which operates across Denbighshire and Flintshire.

**2. What is the reason for making this report?**

This report asks Cabinet whether the existing arrangement with Flintshire County Council should continue for a further period of three years.

**3. What are the Recommendations?**

3.1 That Cabinet agrees to enter into a further three year Service Level Agreement with Flintshire County Council for the hosting by Denbighshire County Council of a collaborative procurement service to operate across the counties of Denbighshire and Flintshire.

3.2 That the Head of Legal, HR and Democratic Services has authority to finalise and enter into an appropriate form of agreement with Flintshire County Council.

**4. Report details**

4.1 In May 2014 Cabinet approved the merger of the then procurement unit with that of Flintshire County Council, creating a collaborative service hosted by Denbighshire as employer. The approval was based on a business case drafted by Bangor University which envisaged that, amongst other things, the collaborative service would be able to:

- Generate efficiencies by harnessing the buying power of two councils and by modernising procurement practices
- Improve capacity, create greater resilience, improve recruitment and retention, and facilitate the introduction of category management
- Maximise relationships with suppliers and increase competition.

4.2 The Council entered into a three year service level agreement with Flintshire County Council for the delivery of procurement services. The agreement ended in July 2017 and the Head of Legal Services has agreed from time to time an extension of the

arrangement through until the present date. The Council must decide whether to renew the arrangement with Flintshire, whether to enter into a different arrangement with another council or whether to deliver its own procurement service and disaggregate the collaborative procurement service.

- 4.3 The Procurement Service has been through a period of change since transfer. It has been managed by a number of different heads of service and operational managers. It has achieved a period of stability only over the last twelve months with the appointment of the Legal and Procurement Operations Manager.
- 4.5 A joint audit of the collaborative procurement service has been undertaken by Internal Audit teams in both Councils to establish whether envisaged benefits have been delivered. It found (in summary) that:
- the staffing benefits such as capacity and resilience had been delivered despite changes in management at strategic and operational levels;
  - the two councils had not engaged in frequent joint/collaborative procurement activity;
  - infrequent meetings of the joint management board at the outset had hampered the delivery of the benefits in the business plan, though those governance arrangements had been strengthened;
  - there needs to be more prominent reporting to elected councillors on the performance of the collaborative service; and
  - category management has recently been introduced.
- 4.4 Prior to June 2018, when the findings of the report by Internal Audit were reported to Corporate Governance Committee, the Service has never reported specifically on how the collaborative arrangement is working nor on budget performance.
- 4.5 There are still operational issues which remain unresolved since 2014, in particular, relating to differences in operational procedures and policies across the two councils and buy in to the Service from Chief Officers and generally across Services.
- 4.6 It is clear that the Service has not been able to achieve all of its aims and objectives yet. However, it has still managed to achieve the continued delivery of the service despite having only one quarter the number of employees per £1m of spend recommended by Welsh Government and the Welsh Audit Office (in its recent report on the state of public procurement in Wales).
- 4.7 At this stage, the Councils are in discussion about how to implement the findings of the Audit report and also how to champion collaborative working across all Services. The recommendation is that an extension of the collaboration is appropriate for a further 3 years.

## **5. How does the decision contribute to the Corporate Priorities?**

The Collaborative Procurement Unit has a role which is council wide and therefore impacts upon every one of the Council's Priorities, in particular:  
Connected Communities: the procurement process ensures the Council can buy goods and services needed to deliver services to citizens.

**6. What will it cost and how will it affect other services?**

The budget for 2018-19 is £494,180. The cost is split 55% to Flintshire and 45% to Denbighshire. This is to reflect differences in overall council budget and procurement activity. Current expenditure is running slightly higher than was originally anticipated due to protected salary arrangements. However, the costs are being maintained within the existing budget.

**7. What are the main conclusions of the Well-being Impact Assessment?**

No Well-being Impact Assessment is required.

**8. What consultations have been carried out with Scrutiny and others?**

Corporate Governance Committee considered the report of Internal Audit in August 2018. A further report is due to be considered by early in 2019.

**9. Chief Finance Officer Statement**

The proposed extension by three year of the collaborative service agreement with Flintshire Council is supported. It can be confirmed that the arrangements can be contained within the existing service budget.

**10. What risks are there and is there anything we can do to reduce them?**

The Internal Audit report made recommendations for the improvement of the Collaborative Procurement Unit and gave it a low assurance rating. A management plan is being implemented and progress on this will be reported to the Corporate Governance Committee early in 2019.

**11. Power to make the Decision**

- 11.1 Section 9 Local Government (Wales) Measure 2009 (express power to collaborate with another local authority)  
Section 111 Local Government Act 1972 (power to undertake any act to facilitate, or which is conducive or incidental to, the discharge of any of their functions);  
Section 112 Local Government Act 1972 (appoint such officers as they think necessary for the proper discharge by the authority of the authority's functions);  
Section 113 Local Government Act 1972 (placing staff of a local authority at the disposal of another local authority)  
Section 3(1) Local Government Act 1999 (general duty on a best value authority to make arrangements to secure continuous improvement in the way in which its functions are exercised)  
Section 13 Table 4 (m) of the Council's Constitution delegates to Cabinet the power to foster and maintain positive relations with partner organisations.