

Crawley Borough Council

Report to Cabinet 10 March 2021

Procurement Shared Service Extension

Report of the Head of Corporate Finance – FIN/519

1. Purpose

- 1.1 The Council's Procurement Service has operated jointly since 2010. This report seeks approval for the shared service model to continue for a further four years with an option to extend for a further four years from April 1st 2022 with Crawley acting as the lead authority, providing services under an Inter-Authority Agreement on behalf of Horsham, Mid Sussex and Mole Valley District Councils.

2. Recommendations

- 2.1 The Cabinet is recommended to:
- a) Approve that Crawley Borough Council continue to act as lead authority and provide procurement services on behalf of Horsham District Council, Mid Sussex District Council and Mole Valley District Council from 1st April 2022.
 - b) Agree to the provision of services under an Inter-Authority Agreement for a minimum period of four years commencing on 1st April 2022 to 31st March 2026 with an option to extend for a further period of up to four years.
 - c) Agree to accept a delegation from Horsham District Council, Mid Sussex District Council and Mole Valley District Council of their procurement functions under Section 101 of the Local Government Act 1972.
 - d) Delegate authority to the Head of Legal, Governance and HR and Head of Corporate Finance to agree the terms of the Inter-Authority Agreement which reflects the principles outlined in the report.
 - e) Delegate to the Head of Legal, Governance and HR, and Head of Corporate Finance the ability to apply the four year extension at the end of the initial term subject to performance review and in consultation with the Leader of the Council.

3. Reasons for the Recommendations

- 3.1 The current joint working arrangement with Horsham District Council, Mid Sussex Council and Mole Valley District Council is due for renewal on 31st March 2022 and therefore there is a need for Members to agree how procurement services will be provided in the future in order to give partners assurance that services will continue beyond this date.

4. Background

- 4.1 On 6th April 2010 Crawley, Horsham and Mid Sussex entered a joint working partnership which saw existing procurement resources forming one team and being shared across the three authorities. In 2018 it was agreed that Crawley Borough Council would take the role as lead Authority and employ all staff to deliver services to the Councils. On 1st December 2020 Mole Valley District Council joined the partnership after the successful completion of a 12-month trial period. The benefits of joint working are to create greater capacity within the team to support the increasing work programme demands, developing skills and knowledge amongst the team, making cashable savings through more collaborative procurement projects and making efficiencies by avoiding duplication and creating common policies and procedures.
- 4.2 Since then the service has delivered numerous projects and contributed to savings of in excess of £4,236,000.00¹. These projects include complex tenders, local tenders and accessing framework agreements, leading on collaborative procurement projects and a wide range of policy, legislative and strategic projects which benefit each of the authorities for example working with SMEs and local suppliers to educate them on procurement processes via training events and Meet the Buyers, and developing policies on key areas such as Social Value, Safeguarding and Contract Management in procurement.
- 4.3 The team are responsible for developing the internal Procurement rules and guidance documentation that meets the requirements of legislation, undertaking spend analysis to identify future opportunities and areas of risk and delivering training across the councils. The team also perform a contract management role for a number of collaborative corporate contracts and support departments in the management of key contracts as and when required.
- 4.4 The Joint Procurement Board governs the shared procurement service via an informal Agreement and is made up of a representative from each of the authorities.
- 4.6 The Budget for 21/22 is set at £284,550. The current payment mechanism is a percentage split with Crawley and Horsham both paying 25% of the costs, Mid Sussex 23% and Mole Valley 27%.

5. Description of Issue to be resolved

- 5.1 With existing service provision due for review and renewal on 31st March 2022 and in accordance with the terms of the shared service Agreement the Council needs to agree on how these services are delivered in the future.

6. Information & Analysis Supporting Recommendation

- 6.1 The future arrangement would see Horsham, Mid Sussex and Mole Valley Councils to continue to delegate the provision of procurement services to Crawley Borough Council under a formal Inter-Authority Agreement. Horsham, Mid Sussex and Mole Valley would pay an agreed annual contract sum to Crawley based on a percentage split of the total cost of delivering the service. Any saving (or overspend) on the budget

¹ These savings are based on either one-off savings compared with budget or estimated cost. For contracts longer than one year the saving is for year 1 only. There was a period of time during 2015/16 where savings were not recorded and whilst we have gone back to find this information there are likely to be some savings missing from this figure.

will be split between the authorities. The Inter-Authority Agreement would be reviewed and executed. Any potential risks are shared, for example, redundancy, pensions, exceptional costs etc.

- 6.2 The delivery model and governance arrangements would remain as the current model with a senior officer from each of the authorities forming a Joint Procurement Board which oversees the work programme and monitors progress.
- 6.3 The budget would continue to be calculated on the percentage split of the costs between each of the authorities. From 1st April 2022 it is the intention of all parties that the costs will be shared equally. This will be reviewed after two years.
- 6.4 Horsham, Mid Sussex and Mole Valley Councils are in favour of continuing this joint service and are seeking ratification of these recommendations.

7. Implications

- 7.1 A shared service model is where one organisation assumes responsibility for running services for others. The Legal implications arising from this proposal is that Horsham, Mid Sussex and Mole Valley Councils will need to agree to delegate their procurement functions to Crawley under Section 101 of the Local Government Act 1972 and relevant Executive Functions Regulations.
- 7.2.1 The Inter-Authority Agreement will cover such matters as governance, operational, financial and termination matters.

8 Background Papers

[Cabinet Paper 10th January 2018](#)
[Cabinet Paper 25th November 2020](#)

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