

Crawley Borough Council

Report to Cabinet 10 January 2018

Procurement Shared Service – Future Delivery Model

Report of the Head of Partnership Services – *HPS/11*

1. Purpose

- 1.1 The Council's Procurement Service has operated jointly with Horsham and Mid Sussex District Council's since 2010. This report seeks approval for a shared service model to be implemented for four years from April 1st 2018 with Crawley acting as the lead authority, providing services under an Inter-Authority Agreement on behalf of Horsham and Mid Sussex District Councils.

2. Recommendations

- 2.1 The Cabinet is recommended to:
- a) Approve that Crawley Borough Council become lead authority and provide procurement services on behalf of Horsham District Council and Mid Sussex District Council from 1st April 2018.
 - b) Agree to the cost sharing arrangements as set out in paragraph 6.3
 - c) Agree to the provision of procurement services under an Inter-Authority Agreement for a minimum period of four years commencing on 1st April 2018 to 31st March 2022.
 - d) Agree to accept a delegation from Horsham District Council and Mid Sussex District Council of their procurement functions under Section 101 of the Local Government Act 1972.
 - e) Delegate authority to the Head of Legal and Democratic Services to agree the terms of the Inter-Authority Agreement which reflects the principles outlined in the report.

3. Reasons for the Recommendations

- 3.1 The current joint working arrangement with Horsham District Council and Mid Sussex Council is due for renewal on 31st March 2018 and therefore there is a need for Members to agree how procurement services will be provided in the future.

4. Background

- 4.1 On 6th April 2010 Crawley, Horsham and Mid Sussex entered into a joint working partnership which saw existing procurement resources forming one team and being shared across the three authorities. Both Crawley and Horsham continued to manage and employ their own procurement staff and retained their own procurement budgets. The benefits of joint working were 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 £3,826,000.00¹. These projects include EU 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 and Employment and Skills in procurement.
- 4.3 The team are responsible for developing the internal Procurement rules and guidance documentation that meets the requirements of EU 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. Horsham District Council became the 'lead' authority taking responsibility for the payments made between the authorities and acting as IT lead. Both Horsham and Crawley provide desk space for the team who work between the two sites. The teams' presence at Mid Sussex is on an ad hoc basis as and when required for attendance at meetings.
- 4.5 The current structure of the team consists of a Procurement Manager, two Procurement Officers and a Project Support Officer. Two of the staff are permanent and employed by Crawley Borough Council and the other two staff are employed by Horsham District Council on temporary contracts. Benchmarked against other comparable procurement teams, the number of staff within the shared services is generally comparable or less.
- 4.6 The Budget for 17/18 was set at £194,912.57. The current payment mechanism is a percentage split with Crawley and Horsham both paying 35% of the costs and Mid Sussex 30%.

5. Description of Issue to be resolved

- 5.1 When the joint working partnership was set up in 2010 it was considered that in the long term the desirable position would be to have one authority acting as lead, employing all staff and providing procurement services on behalf of the other two authorities as it was felt that this would create efficiencies, avoid duplication and gives equality to staff. However it has never been achieved, although recognised that if the opportunity ever presented itself then it would be explored further.
- 5.2 With existing service provision due for review and renewal on 31st March 2018 and with two of the staff employed by Horsham District Council being on temporary contracts it is an opportune time to make decisions on the future delivery of procurement services. Horsham's temporary Procurement Officer left the Council on 22nd December 2017 when the post became vacant. The Project Support Officer's contract ends in June 2018. The other two staff (Procurement Manager and

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.

Procurement Officer) are employed by Crawley Borough Council on a permanent basis allowing Crawley to explore becoming the lead authority.

6. Information & Analysis Supporting Recommendation

- 6.1 The proposed future arrangement would see Horsham and Mid Sussex Councils delegate the provision of procurement services to Crawley Borough Council under a formal Inter-Authority Agreement. Both Horsham and Mid Sussex 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 will be split between the authorities. The Inter-Authority Agreement would be drawn up to ensure that 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 with Crawley and Horsham paying 35% of the costs and Mid Sussex 30%. This will be reviewed after two years.
- 6.4 The recommendation would make management of the provision less complex, easier to communicate and benefits from ensuring performance management, appraisals, training and development are consistent across the team. Budget management and monitoring will also be easier, avoids duplication, and will require less input from each of the authorities finance teams working out recharges and rebates.
- 6.5 Both Horsham and Mid Sussex Councils are in support of this recommendation.

7. Implications

- 7.1 Whilst the Horsham Project Support Officer is employed on a temporary contract their role will in effect continue albeit being employed by a different authority so their role would be entitled to TUPE transfer to Crawley. This post will be made permanent. HR teams in both Crawley and Horsham have been consulted on this. The Horsham Procurement Officer post which became vacant in December 2017 will be advertised and directly employed by Crawley on a permanent basis.
- 7.2 On a day to day basis little else will change under the arrangement. There will still be a requirement to have both Crawley and Horsham IT infrastructure and desk space in order to support these authorities effectively. The team will work with the IT departments to develop a more effective and streamlined technical solution for the team.
- 7.3 A provisional Budget for 2018/19 based on this model shows that the additional cost of Crawley leading the arrangement is an estimated £2,200 in comparison to maintaining the current arrangement. This additional cost is shared between the three authorities and can be met from existing budgets. If agreed, it is recommended that this Shared Services Model becomes effective from 1st April 2018 for a 4 year period.
- 7.4 A shared service model is where one organisation assumes responsibility for running services for others. The Legal implications arising from this proposal is that both Horsham and Mid Sussex 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.

- 7.5 There would be a TUPE transfer of staff to Crawley as outlined in the report.
- 7.6 The Inter-Authority Agreement will cover such matters as governance, operational matter, financial and terminations matters. There are no other implications arising from the report.

8. Background Papers

None

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