

Harborough District Council



Report to Cabinet Meeting of 3 April 2023

Title:	Report 3: The Local Authorities (Goods & Services) Act 1970: Procurement Services
Status:	Public
Key Decision:	No
Report Author:	Clive Mason; Interim Deputy Chief Executive (& s.151 Officer)
Portfolio Holder:	Cllr Paul Dann, Corporate & Regulatory Services
Appendices:	1. Draft Service Level Agreement 2. Proposal Harborough DC-Welland Procurement Partnership 3. Welland Procurement Flowchart

Summary

- i. Procurement at the council has been delivered as a joint service with CCTV/Lifeline. Following the Budget Challenge 2025 review an opportunity was identified to stream-line delivery; with CCTV/Lifeline transferring to Communities & Wellbeing Services (at nil cost) and the potential for external provision for Procurement at a significantly reduced cost.
- ii. Welland Procurement is a shared service provided by Melton Borough Council that provides procurement services to a number of Local Authorities across the East Midlands including those within Leicestershire (Melton, Blaby and Oadby & Wigston) as well Rutland County Council.
- iii. It is proposed that a formal arrangement will commence in the first quarter of 2023/24 procurement services to the council for a period of 3-years. The mechanism for this arrangement is proposed to be via an agreement under the Local Authorities (Goods and Services) Act 1970. This arrangement will be with Melton Borough Council.

Recommendations

Cabinet is requested to:

1. **Agree that the Procurement Service is provided by Welland Procurement Partnership, a direct service provided of Melton Borough Council;**

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| <p>2. Delegate to the Director of Governance and Law, in consultation with the Portfolio Holders for Corporate Services authority to:</p> <ul style="list-style-type: none">a. agree the terms of the arrangement with Melton Borough Council and record the same in a service level agreement;b. determine and conclude practical actions required to give lawful effect to the service provision. |
| Reasons for Recommendations |
| <p>iv. Sharing of services with a partner has been actively considered and explored, this will build both capacity and service resilience.</p> |

1. Purpose of Report

- 1.1 To consider the future provision of procurement by the Welland Procurement Partnership, a service provided by Melton Borough Council.

2. Background

- 2.1 Like other local authorities across the country, Harborough District Council faces significant financial pressures in the medium to long term. These pressures result in the need for efficiencies to be found from services across the organisation.
- 2.2 The current post holder has indicated that they wish to retire from the council in the near future. This awards the council the opportunity to review its provision of procurement to see if it can be provided more efficiently and with greater resilience.
- 2.3 Harborough and Melton are similar size authorities in land coverage and demographics although the population size of the two districts is different with Melton having a population figure of 51,800 and Harborough 97,600, according to 2021 census data.
- 2.4 The current procurement service provides an advice service. Provision is primarily “self-served” by managers who seek advice from the internal service on an as required basis. However, the current service has inbuilt risks due to the advice being provided by a single officer and the lack of resilience
- 2.5 It is proposed that the service is provided by an external local government specialist procurement organisation. With other Leicestershire councils using the Welland Procurement Partnership they are an obvious local choice and provides opportunities to work collaboratively with neighbouring local authorities as part of the procurement process

3. Details

- 3.1 The purpose of the shared approach is to enhance resilience in the provision of procurement advice to the council's broad range of services. This approach will ensure that services have a better depth of expertise and more strategic oversight.
- 3.2 Local authorities have to operate in very similar statutory procurement environments; although each authority can have local thresholds in respect of when quotations of tenders etc are required.
- 3.3 Currently managers have to procure in line with the Councils [procurement policies, plans and strategies](#); these requirements are not expected to change upon joining the partnership.
- 3.4 A shared approach brings with it commonality in learning and the potential to benefit from the economies of scale in the provision of both operational and strategic procurement advice. Further, it is anticipated that over time there will be improved co-ordination of procurement activity across the partners. The Welland Procurement Partnership also have the district level knowledge gained from working with similar local authorities to ourselves.

Proposal

- 3.5 It is proposed that the council agrees to join the Welland Procurement Partnership. A copy of the draft proposal, service level agreement and procurement flowchart are attached as Appendices 1 to 3 respectively.
- 3.6 The current annual cost of providing the procurement service and leadership of the CCTV/Lifeline service is £83k (2022/23 salaries, based on top of grade and including oncosts). The CCTV /Lifeline service is to be transferred to the Communities & Wellbeing service at nil cost. The annual cost of the Welland Procurement Partnership is £48k, therefore this will achieve a saving of £35k per annum. This will be slightly less in the first year as there will be some initial costs of transition of circa £4k.

Outcomes

- 3.7 Implementation of the proposal is expected to deliver the following benefits to the council:
 - 3.14.1 resilience in procurement advice for all services;
 - 3.14.2 introduction of annual reporting on council procurement activity and performance to the Audit & Standards Committee;
 - 3.14.3 introduction of an annual procurement compliance review to be reported to the Audit & Standards Committee;
 - 3.14.4 provision of "tried and tested" procurement plans;
 - 3.14.5 access to a local procurement network;
 - 3.14.6 as required training for those officers who procure services, and
 - 3.14.7 an efficiency saving of £35k per annum.

- 3.8 The risks of implementing the proposal are that the anticipated benefits are not realised. However, considering that the Welland Procurement Partnership is a long-established service this risk is considered minimal

Outline Project Plan

- 3.9 An outline plan for implementation has been developed and is set out in **Table 1 below**.

Table 1

	Start	End
Approval by Cabinet for executive function	--	April 2023
Finalisation of proposal, service level agreement and welland service plan (*)	April 2023	Mid-April 2023
Training of HDC managers and procurement staff	Mid-April	
Go live	--	1 May 2023
One-off exercise to complete the first 6-month activity (**)	May 2023	October 2023
Year 1 Review period	--	April 2024
Reporting to Audit & Standards Committee on performance and compliance		June 2024
<p>* the Welland service plan is a tabulation of all expected council procurement; this is currently being established.</p> <p>** this includes updates to the Contract Procedure Regulations (CPR), the Statement of Required Practice for Procurement (SORP), transfer HDC across from the Delta eProcurement Suite to the WP managed Pro-contract eProcurement suite, update the CPR in line with national changes in procurement regulations (currently due late 2023), move the contracts register from excel based format to being held/published within Pro-Contract.</p>		

4. Implications

Corporate Priorities

- 4.1 Procurement supports the delivery of all contracted services which means that it meets all the relevant elements of the Corporate Plan.

Financial & Resources

- 4.2 The current annual cost of providing the procurement service and leadership of the CCTV/Lifeline service is £83k (2022/23 salaries, based on top of grade and including oncosts). The CCTV /Lifeline service is to be transferred to the Communities & Wellbeing service at nil cost. The annual cost of the Welland Procurement Partnership is £48k, therefore this will achieve a saving of £35k per annum. This will be slightly less in the first year as there will be some initial costs of transition of circa £4k.

4.3 The council was previously a member of the Welland Procurement Partnership and withdrew following a [Cabinet](#) decision in 2013. There were numerous reasons stated for withdrawal, but the main reason was to enable direct internal provision. In respect of performance, paragraph 3.8 of the report states “there is no suggestion that the work undertaken by the Unit (Welland Procurement Partnership) on the Council’s behalf has been unsatisfactory”. The reasons why the Council should re-join are highlighted earlier in the report.

Legal

4.3 The Local Authorities (Goods and Services) Act 1970 provides that a Local Authority may enter into agreements with other authorities for the provision of administrative, professional or technical services.

4.4 The proposed service level agreement with Melton Borough Council will be for a period of three years. The terms of the arrangement will be recorded in a suitable agreement between the councils and a draft service level agreement is set out at Appendix 1.

4.5 Functions of the executive are set out in sections 9D and 9DA of the Local Government Act 2000. There is a presumption that all local authority functions not specified in regulations made by the Secretary of State will be the responsibility of the executive, rather than the full council, where a local authority operates under executive arrangements (*section 9D(2), LGA 2000*).

4.6 The existing regulations are the Local Authorities (Functions and Responsibilities) (England) Regulations 2000. These set out a list of functions which:

- are not to be the responsibility of an executive of the authority.
- may be (but need not be) the responsibility of an executive of the authority.
- shall not be the sole responsibility of an executive of the authority

4.7 Procurement is not specified in the regulations; therefore the presumption is that procurement is an executive function. Further, as per the [Constitution](#), procurement is an executive function of the council duly delegated to the Director of Law and Governance & Monitoring Officer, as set out in.

Policy

4.8 Each authority has policies and procedures to support the delivery of the services. Whilst the policies of each authority will need to be respected, collaborative working will offer an opportunity to align the policies and procedures to reduce confusion for staff and avoid duplication of effort in maintaining the documents. This will deliver efficiencies in officer time across both services.

Environment

4.9 The provision of procurement advice is not expected to deliver any direct environmental benefits. However, each procurement itself can bring with it consequential environmental considerations.

Risk Assessment

4.10 Whilst the internal provision of procurement has generally worked well, when this is coupled with the facts that:

- the service is an advice giving service to managers as and when needed,
- managers generally self-serve, and that
- procurement regulation is common across all local authorities

it is considered that having an in-house subject matter expert is not the most economical means to deliver. Consequently, by buying in an enhanced service at a lower cost is considered advantageous. Although this might introduce some risk due to the formalisation of service provision, it will provide clarity for services on what they must provide themselves and what can be provided for them.

4.11 In respect of staff, with the pending departure of the service lead the externalised provision will help to mitigate that risk. Further, with a shared approach, the council will be able to draw on the economies of scale awarded by having a team of strategic, technical and operational procurement specialists with knowledge and expertise at a district council level.

Equalities Impact

4.12 An equalities impact screening assessment has been undertaken which confirms that there are no equality impacts from the proposed joint arrangement.

Data Protection

4.13 This report contains no personal data. However, implementation of the arrangement will mean that both councils will need to provide officers with access to their IT systems so that data can be accessed and recorded about the services provided. Each council has relevant policies and procedures in place which comply with the requirements of the Data Protection Act 2018.

Consultation

4.14 In respect of the transfer of the CCTV/Lifeline service to the Communities and Wellbeing service; no consultation was required due to a vacancy at the team leader level that has now been recruited with the new appointee knowing of the pending transfer. In respect of the staff involved in procurement and strategic leadership of CCTV/Lifeline, informal discussions have been held in respect of their leaving the council. If the recommendation of this report is approved, formal consultation will commence

4.15 The relevant portfolio holders have been consulted throughout the initial inception and development of this arrangements.

- 4.16 It is not considered necessary to consult with the wider public or members as the proposal is concerned with operational delivery of this executive service and no reduction in service is anticipated.

5. Alternative Options

- 5.1 The council has not undertaken a consideration of alternative options this is considered to introduce the most resilient solution that awards the council a reduction in costs of 42%.

6. Background papers

- 6.1 There are no background papers to this report.