

Report to: **Audit, Best Value and Community Services Scrutiny Committee**
Date: **15 March 2016**
By: **Chief Operating Officer**
Title of report: **Procurement update: Contract and Project Update**
Purpose of report: **This paper provides an update on the current savings achieved by the Council through procurement activity, as well as progress on other key activities within the Procurement Service.**

RECOMMENDATIONS

The Committee is recommended:

- 1. To note savings achieved by the Council through procurement activities in 2015/16, and the current forecast for 2016/17; and**
 - 2. To note progress on other key activities within the Procurement Service.**
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1 Background

1.1 This paper provides an update on the current savings achieved by the Council through procurement activity, as well as progress on other key activities within the Procurement Service. The areas covered are:

- Savings achieved by the Council: procurement activities;
- Key savings/major contracts/tenders planned for rest of the year;
- Contract Data; and
- Development of Social Value.

2 Supporting information

Savings achieved by the Council: procurement activities

2.1 As the Procurement Service becomes more established as a central function within Business Services, a clear savings methodology has been put in place and agreed with Finance following a series of knowledge sharing workshops. This enables identification of savings related to procurement activity against Capital, savings identified under RPPR plans, and other cashable revenue savings supporting known budgetary pressures.

2.2 In the case of the latter, the savings released are either deployed to support further agreed programmes of work or to support increasing demand pressure (for example, in the case of Independent Fostering Agencies). The methodology sets out the gateway process for the sign-off of savings and their agreement between the relevant Service, Finance and Procurement, and also identifies how baselines can be set at the start of a project.

2.3 To date (as at end of January) the total of savings successfully achieved by the organisation and supported by the Procurement Service, in line with the assumptions within budgets is £4.8m, comprising £1.3m identified in the RPPR, £2m Capital, and £1.3m other 'revenue' savings supporting known budgetary pressures. For 2015/16 this has included the following projects:

Project	Capital	Identified in RPPR	Revenue	Commentary
Reformulated Supported Bus Network Tender		£1,310,000		Delivered as planned
MTC Electrical Services	£410,566			
Tier 2 Ringmer	£180,252			
MTC Mechanical Services	£156,049			
Liabilities Insurance			£146,602	Saving against forecast already assumed in budget
County Hall Lewes - Window Replacement	£120,186			Delivered the programme within a reduced
Automatic Doors & Windows MTC	£111,510			
Tier 2 Robsack Wood	£107,736			
Mobile Voice and Data			£89,054	Additional saving negotiated over standard quoted rate from framework
Infrastructure Development Schemes (LSTF)			£64,993	

Key savings/major contracts/tenders planned for rest of the year

2.4 The current forecast of savings that the organisation planned to achieved through procurement activities in 15/16 was £6.2m. The savings (through both tenders and other activities) for 15/16 that are estimated to still deliver over £10k savings are shown below. These are all required in order to deliver within the already allocated budget.

Project	Capital	Identified in RPPR	Revenue
VMWare Enterprise Agreement			£10,000
People's Network Refresh Programme	£30,000		
Mobile Devise Management (MDM)	£40,000		
Microsoft Enterprise Agreements	£42,000		
Link Rd Complimentary Measures			£50,000
Rolling Investment Programme - Hardware	£52,500		
Tier 3 - Southover Primary School	£60,000		
Amey Contract Rate Negotiation			£64,993
Tier 3 - Iford & Kingston Primary School	£78,000		

Tier 2 - Rye Primary School	£90,000		
Tier 2 - Blacklands Primary Academy	£96,000		
Fleet Maintenance Re-Procurement			£100,000
Hailsham Town Centre Improvements	£100,000		
SAN (Storage Area Network) replacement	£171,000		
Central Postal Hub			£182,000
Uckfield Town Centre Redevelopment Phase 2	£200,000		

2.5 Projects for 16/17 have already identified procurement-related savings to the value of £6.4m, broken down into £1.1m revenue savings identified in the RPPR, £4.8m Capital and £500k additional revenue savings that are assumed to mitigate demand pressures elsewhere. The summary of projects delivering over £100,000:

Project	Capital	Identified in RPPR	Revenue
Newhaven Port Access Road	£2,000,000		
Highways & Infrastructure Services Contract Project Year 1	£2,000,000		
Highways Re-procurement Project	£300,000	£1,100,000	
Terminus Road Eastbourne Town Centre Improvements	£200,000		
The Baird Primary Academy	£200,000		
Property Consultant Framework	£100,000		

2.6 The Procurement Service will continue to work with Finance and service colleagues to ensure a programme of work that supports RPPR and other priority areas. As previously reported, savings, both realised and forecasted, which relate to procurement activities are either deployed to support agreed programmes of work or support delivery of a service where there is increasing demand pressure.

Contract Data

2.7 Work has continued across the Council to ensure that the organisation has an accurate and fully maintained register of contracts, and there is now over 400 active contracts on the Contract Management System (attached as Appendix 1). All of these contracts have a signed electronic copy of the contract attached as well as supporting information where relevant.

2.8 As part of ongoing work, Procurement is completing a further analysis of spend to identify areas where we do not yet have a visible contract in place, and using this information to inform a future work plan.

Development of Social Value

2.9 The Procurement Service has started to develop the Key Performance Information (KPI) functionality of the Contract Management System to enable the Council to record and maintain KPI data within the system for all key contracts. Initially we have piloted the KPI functionality to record Employment Skills plans against appropriate contracts. This is in support of the priority within the Council Plan to focus on, and increase, the percentage of new County Council contracts awarded following a tender process, that include an Employability and Skills Plan.

2.10 The Procurement Service has also been continuing to develop the South East Shared Services portal, the Supply to East Sussex website and engagement with local suppliers through networking events. This activity has helped increase the County Councils spend with local suppliers to 46%, above the initial target of 45% (attached as Appendix 2).

2.11 The South East Shared Services portal is now the biggest collaboration between public sector authorities in the region. It provides a simple, secure and efficient way for managing sourcing and quotation activities, reducing time and cost for buyers and suppliers. The portal now has 20 partners with over 14,000 suppliers registered. The 20 partners now include all of East Sussex Districts and Boroughs as well as Brighton and Hove City Council. We have also extended into the education sector, as Brighton University has now joined. This portal now gives suppliers a space to tender for a great majority of public sector opportunities across the South East.

3. Conclusion and reasons for recommendations

3.1 This paper provides an update on the current savings achieved by the Council through procurement activity, as well as progress on other key activities within the Procurement Service.

3.2 The Committee is recommended:

1. To note savings achieved by the Council through procurement activities in 2015/16, and the current forecast for 2016/17; and
2. To note progress in other key activities within the Procurement Service.

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Local Members: All
Background Documents: None