

Forward Plan reference number: FP/442/06/22

Report title: Shared Procurement Service	
Report to: Councillor Christopher Whitbread, Cabinet Member for Finance	
Report author: Melanie Evans – Director of Procurement	
Date: 3 rd February 2023	For: Decision
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County Divisions affected: All Essex	

1. Everyone's Essex

- 1.1 'Everyone's Essex' sets out Essex County Council's approach to service excellence including the intention to collaborate with partners where possible to join up services where it makes sense to do so, and to share data, learning and expertise. This is a common theme throughout the 20 Commitments and will support delivery of projects within each of the four key strategic aims including building a strong, inclusive and sustainable economy with a clear single procurement approach to the Essex markets.
- 1.2 Consistent with achieving this, this report sets out a proposal for the creation of a shared service between Essex County Council and Braintree District Council (the lead authority for the Essex Procurement Hub) to trial the delivery of shared procurement activity between the partners and other districts.

2 Recommendations

- 2.1 To undertake a pilot to offer procurement services to District Borough and City Councils in Essex for a period of three years.
- 2.2 To enter into a Partnership Agreement with Braintree District Council to deliver a shared procurement service for a trial period of three years.
- 2.3 To delegate authority to the Director of Procurement to agree the terms and enter into the Partnership Agreement.

3 Background and Proposal

The Essex Procurement Hub

- 3.1 The Essex Procurement Hub (EPH) was formed in 2006 following a review of procurement needs across a number of Essex Authorities. The EPH is resourced and led by Braintree District Council (BDC) providing its members with :

- Strategic and operational procurement support
- Advice and guidance on sourcing
- Added value in the sourcing process, including support with the actual delivery of sourcing activity such as the creation and running of tender activity.

- 3.2 The EPH also procures and manages a number of National framework agreements, delivering rebates of circa £100,000 per year which offset the costs of the procurement function to the member organisations. BDC, Castle Point District Council and Epping Forest District Council are all current members of the EPH but membership of the EPH is open to other local authorities who wish to join. EPH members pay a fee directly to BDC to access the procurement support through a Service Level Agreement (SLA). The fee is based on cost recovery of the staff supporting that member authority.
- 3.3 The EPH consists of one Senior Procurement Consultant, one procurement consultant and one Procurement Support Officer, with additional support provided from an Apprentice for the term of the apprenticeship employed by BDC.

The ECC Procurement Service

- 3.4 In 2021 ECC started to provide sourcing support to Tendring District Council, as well as additional adhoc support in the form of sourcing advice and the undertaking of tenders on behalf of Uttlesford District Council and Basildon Borough Council (the ECC Service). The cost of providing this service to Tendring is met from the fees received by ECC from Tendring District Council. Support provided to Uttlesford District Council and Basildon Borough Council was paid by those respective authorities.
- 3.5 The ECC Service set out in 3.4 is currently resourced by a procurement specialist and procurement manager employed by ECC. ECC continues to have an internal procurement service, which supports the Council throughout its procurement activities and contract management.

The Shared Procurement Service

- 3.6 ECC has been working with other Local Authorities in Essex to review procurement services on offer and this work has
- 3.6.1 highlighted the need for sourcing support across a range of areas including high value tenders with difficulty accessing suitable resource for these requirements and strategy support in responding to the new regulations; and
 - 3.6.2 indicated a preference for this to be operated by a district council which informed the decision for BDC to undertake this role, whilst in partnership with ECC.
- 3.7 Following the discussion in 3.6 it is proposed to create a shared procurement service which will bring together the EPH and the ECC Service to work in

partnership for the common benefits set out at paragraph 3.14 below (the Shared Service). This will be a trial for three years and monitored in line with 3.15 below.

3.8 The proposed shared service will

- 3.8.1 Undertake sourcing activity on behalf of the member districts and boroughs
- 3.8.2 Identify collaborative sourcing and contract management opportunities on behalf of all member organisations and deliver these.
- 3.8.3 Develop shared documentation and procurement approaches for use by members

3.9 The Shared Service will be resourced through:

- 3.9.1 the existing EPH team employed by BDC; and
- 3.9.2 a procurement specialist for 4 days a week and a procurement graduate for the equivalent of 12 months over the three year trial period provided by ECC.

3.10 The Shared Service will operate as follows:

- 3.10.1 officers working within the EPH and the ECC Service will form the new shared procurement team (the Team);
- 3.10.2 BDC and ECC will work together to be responsible for the day to day work management of the service delivery;
- 3.10.3 officers within the Team will remain employed by their respective authorities, and will operate using their authority issued equipment;
- 3.10.4 the team will utilise all relevant software available at both ECC and BDC;
- 3.10.5 the ECC Service will remain in place and fees for existing services provided by ECC to local authorities prior to the commencement of the Shared Service will be retained by ECC;
- 3.10.6 the ECC Service will be used as a point of category expertise across a range of areas by the Shared Service;
- 3.10.7 the EPH will form part of the Shared Service ; the SLA with the current member authorities will remain in place, the fees will remain unchanged. Fees for members who joined the EPH prior to the commencement of the Shared Service will be retained by BDC;

- 3.10.8 in addition to providing benefits to existing members of the EPH and ECC Service, the Shared Service will support other Local Authorities and public bodies both within and outside of the county of Essex in delivering greater value through procurement, both in terms of financial savings and social value a for a fee on a cost recovery basis;
- 3.10.9 all income generated by the Shared Service through the creation of new frameworks or provision of support to new authorities including new membership of the EPH will be used initially to cover the cost of the staff resource provided by ECC and any surplus will be held by BDC to be used for the benefit of the Shared Service as agreed by the Strategic Officer Group
- 3.10.10 The projected income set out in paragraph 6 is based upon the anticipated receipt of rebates from the creation of new frameworks, provision of procurement support to new local authorities who have not previously received services from EPH and ECC and specific support on procurement areas such as social value
- 3.11 The Shared Service will be operated using three groups. The terms of reference for these will be set out in the Partnership Agreement with BDC:
- 3.11.1 a Joint Officer Operational Group chaired by the Category Lead for ECC and the Corporate Director for BDC to support the day to day operation of the Shared Service, managing staff workloads, agreeing prioritisation of projects in the forward plan and providing support to the operation of the service. This group will work with Epping Forest and Castle Point Borough Council, Tendring District Council and other member organisations as the Shared Service develops.
- 3.11.2 A Strategic Officer Group with relevant senior management representation from ECC, BDC and member organisations Epping Forest District Council, Castle Point Borough Council and Tendring District Council to:
- Set the strategic direction of the Shared Service;
 - Agreed the priorities of the Shared Service, for example which new frameworks are needed across the partnership
 - Monitor performance of the partnership including delivery of the service in line with the income targets detailed in paragraph 6 below
- The intention is for the group to evolve over the trial to incorporate councils who wish to join the Shared Service.
- 3.11.3 A Member Advisory Group with representation from elected members from BDC, ECC, Epping Forest District Council Castle Point Borough Council and Tendring District Council to review the performance of the Shared Service and promote the approach to shared working to support growth. As with 3.11.2 the intention is for this group to evolve to

incorporate councils who wish to join the partnership over the course of the trial

- 3.12 Neither the Officer Partnership Board or the Members Board will hold decision making authority and neither authority is required to delegate authority as part of this proposal. All formal governance will fall to the respective authority to undertake in accordance with its own practise and procedure.
- 3.13 Consideration will be given throughout the three year trial to the future structure of the Shared Service including the need for additional software or equipment. This will be considered by the Strategic Officers Group. The deliverables for the service, in line with the trial period deliverables within 3.13 will be detailed by the Strategic Officer Group and reviewed quarterly when this group meets. This will evolve over the time of the trial, with deliverable reviewed by the Strategic Officer Group
- 3.14 The Shared Service will deliver the following benefits to both ECC and BDC:
 - 3.14.1 Resilience - with a larger team across both organisations that is able to meet the fluctuations in demand for the service;
 - 3.14.2 Expertise - with the knowledge of district spend areas and the recognised expertise of ECC's procurement team enabling better constructed procurements and greater value for money;
 - 3.14.3 Collaborative savings – through closer working and shared understanding of forward plans, the partnership will be better able to identify shared procurement and contract management opportunities removing duplication of resource time and increasing the opportunity for economies of scale;
 - 3.14.4 Reduction of duplication in the delivery of support services such as policy creation and training, releasing time for staff to focus on value-add procurement activity.
- 3.15 The trial of the Shared Procurement Service will be assessed against the ability to deliver the benefits as defined in 3.14 above and the delivery of the targeted income as set out in 6.1.2 below. Key Performance Indicators will be detailed within the partnership agreement and regularly reviewed and reported on to the Strategic Officer Group. The Strategic Officer Group will decide whether the trial has been a success.
- 3.16 Should issues arise with the delivery of procurements with a challenge from a bidder that is upheld resulting in financial loss to the relevant Authority/ Authorities resulting in a claim, Braintree District Council and Essex County Council as the operators of the service will consider where the error occurred and respective liability according to who was involved The detail of this process will be considered by the Strategic Officer Group and set out within the partnership agreement. If ECC was responsible for the challenge, owing it its

negligence or breach of contract, a claim could be bought against Essex County Council for this. This risk is low.

4 Links to our Strategic Ambitions

4.1 This report links to the following aims in the Essex Vision:

- Share prosperity with everyone

4.2 This report seeks to reduce costs to ECC, both through better use of staff resources, income generation activity and collaborative procurement so enabling resources to be used across the strategic ambitions below

- Enjoy life into old age
- Provide an equal foundation for every child
- Strengthen communities through participation
- Develop our County sustainably
- Connect us to each other and the world
- Share prosperity with everyone

4.3 Approving the recommendations in this report will support ECC's ambition to be net carbon neutral by 2030 through enabling greater emphasis in procurement activity, with district councils working together to consider how to deliver against this ambition.

4.4 This report links to the following strategic priorities in the emerging Organisational Strategy 'Everyone's Essex':

- A strong, inclusive and sustainable economy

5 Options

5.1 Option 1 – Enter into a partnership with BDC to create the Shared Service (preferred option)

5.1.1 As set out above BDC already operate the EPH delivering procurement support to Epping Forest District Council and Castlepoint Borough Council. A partnership between BDC and ECC will provide support to five authorities. This will accelerate the collaborative benefits described above.

5.1.2 Partnering will remove the competition between ECC and BDC enabling the authorities to work together to grow the services.

5.1.3 The new partnership will be the leader in shared procurement within Essex, with the most local authority members. This would bring attention to the partnership with the intention to use this to help grow the partnership further within Essex and to Local Authorities and public bodies such as schools outside the borders of Essex

- 5.1.4 The partnership will enable ECC to gain access to District procurement knowledge and skills and a repository of documentation and information valuable to the delivery of procurement services at a district/ borough level.
- 5.1.5 Engagement with other local authorities in Essex has indicated that a service operated by BDC in partnership with ECC will be more attractive to future partners and users of services than an ECC led service.
- 5.1.6 The initial investment from ECC will create a sustainable shared service with BDC which will deliver a more efficient longer term operating model to support collaborative procurement.
- 5.1.7 The disadvantages from this approach are the loss of authority control, with the shared service being operated by Braintree under the direction of the Officer partnership board. Discussions indicate that an ECC led procurement service may not be as attractive as this proposed partnership options
- 5.1.8 A further disadvantage would be the potential loss of income, with any income from the shared service being shared. The advantages of working together are considered to outweigh this need to share income.
- 5.2 Option 2 – ECC continues with the ECC Service without partnering with the BDC**
- 5.2.1 ECC could continue to build relationships with other district and borough councils to slowly grow its procurement service.
- 5.2.2 In doing this ECC would be able to retain all income from the ECC Service rather than sharing this with BDC as part of the Shared Service. However this will reduce the benefits obtained from collaborative procurement and resource efficiencies.
- 5.2.3 Market engagement has indicated there is concern with a purely ECC led service, therefore take up is likely to be limited, particularly as ECC will be competing against the EPH as an existing provider of collaborative procurement support.
- 5.2.4 This option would not give ECC access to the district and borough procurement knowledge from the EPH staff, ongoing access to knowledge and skills from expertise from across the wider BDC organisation, or the ready-made repository of past procurement information which will support future delivery of procurement services at district/ borough level.
- 5.2.5 To compete against another Essex public body, goes against the principles of partnership that sit at the heart of this work.

6 Issues for consideration

6.1 Financial implications

6.1.1 The total gross investment by ECC over the three year trial period is £290,000, this is containable within the existing budget envelope. It is projected that income/ savings over the same period could be £110,000. The net investment by ECC would therefore be £180,000.

6.1.2 The additional staff are already employed and budgeted for by ECC, these costs are therefore opportunity costs.

Option A	2023/24 £000	2024/25 £000	2025/26 £000	Total £000
Additional staff for trial provided and funded by ECC*	95	97	98	290
Targeted Income	(16)	(32)	(62)	(110)
Net Cost	79	65	38	180

* Specialist role for four days a week. The fifth day supports the Customer category within ECC. Graduate role for 2 days a week over the three year trial as required.

6.1.3 The projected income set out in the table above is based upon the anticipated receipt of rebates from the creation of new frameworks, provision of procurement support via the EPH and ECC Service to new local provision of additional services to existing local authority customers including specific support on procurement areas such as social value. This income will be used to offset the staff costs by ECC.

6.1.4 The targeted income is projected only. Therefore, the actual net opportunity costs to ECC may vary. Any income achieved in excess of the staff cost provided by ECC, will be retained by Braintree District Council as the operator of the partnership but ringfenced so that decisions on its use can only be made by the Officer Partnership Board

6.2 Legal implications

6.2.1 Under the Local Authority Goods and Services Act 1970 (the Act) ECC is able to enter into an agreement to provide goods and administrative, professional or technical services to other public bodies (as defined within the Act) but does not permit trading with a private company or the public at large. Such agreement may contain terms as to payment as the parties consider appropriate.

6.2.2 ECC should ensure that an appropriate agreement is entered into with BDC to formalise the arrangements for the Shared Service as set out in this decision.

7 Equality and Diversity Considerations

7.1 The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:

- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful
- (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
- (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

7.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, sex, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).

7.3 The Equalities Comprehensive Impact Assessment indicates that the proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic.

8 List of Appendices

Appendix A - ECIA

9 List of Background papers

9.1 None

The 'sign off' boxes below are deleted for cabinet reports but not for CMAs.

I approve the above recommendations set out above for the reasons set out in the report.	Date
Councillor Christopher Whitbread Cabinet Member for Finance	03.02.2023

In consultation with:

Executive Director, Corporate Services (S151 Officer)	03.02.2023
Stephanie Mitchener on behalf of Nicole Wood	
Director, Legal and Assurance (Monitoring Officer)	24.01.2023
Laura Edwards on behalf of Paul Turner	