

Procurement & Commissioning

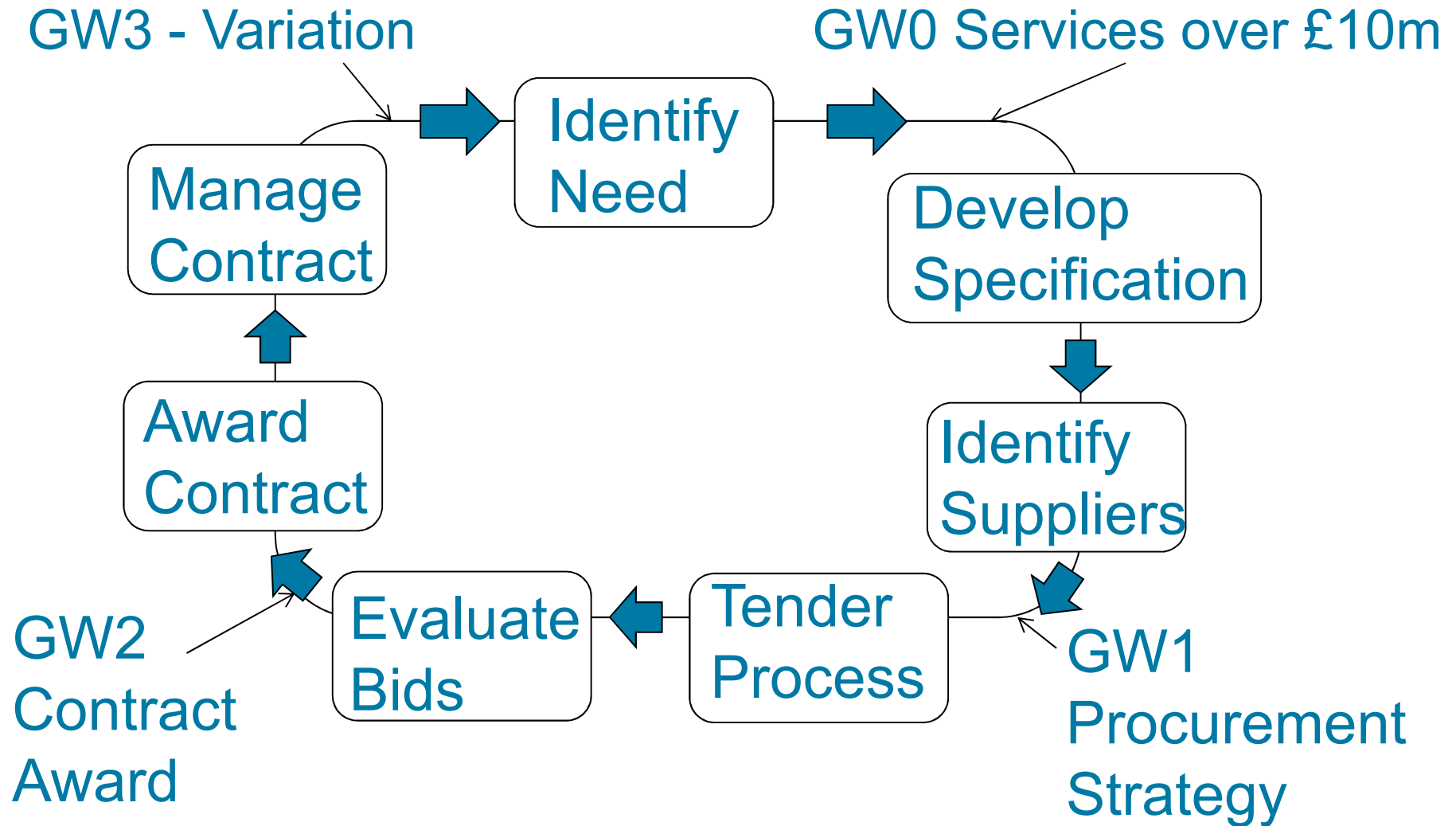
Education & Business Scrutiny Commission

September 2019

What will we cover?

- Procurement and Commissioning Cycle
- What is Procurement?
- Southwark's Values and Procurement
- Procurement Rules and Decisions
- Contract Management and Monitoring
- SMEs and Accessibility to the Market
- Social Value and Social Value Portal
- CompeteFor

Procurement and Commissioning Cycle



Procurement – a definition

Procurement is the process for achieving best value through the acquisition of goods, services and works needed to provide services to the council, its community and its citizens both now and in the future

5 Rights:

- In the Right Quality
- At the Right Quantity
- At the Right Price
- At the Right Place
- At the Right Time

For public sector bodies: Right Process
Right Organisation

Southwark's Procurement

Southwark has a:

- turnover of £1.2bn
- spends approximately £650m p.a.
- capital programme worth £1bn in next 10 years

Procurement is devolved with the Procurement Advice Team offering central advice and guidance as well as:

- Supporting the eProcurement system.
- Establishing procurement process and best practice via Contract Standing Orders (CSOs) and Procurement Guidelines on the Source.
- Supporting the council's Corporate Contracts Review Board (CCRB).

Southwark's Values and Procurement

- The Fairer Future Procurement Framework (FFPF) was approved by Cabinet in June 2019.
- Sets out how the council will use its procurement to support the delivery of the Council Plan, Fairer Future Commitments and Values and the processes and practices needed to do this.
- The council expects all of its procurement activity to be undertaken to the highest ethical, sustainable and responsible standards and within a robust and transparent governance framework.
- It applies to all contracts over £100k
- <http://moderngov.southwark.gov.uk/documents/b50010846/Appendices%20Tuesday%2018-Jun-2019%2016.00%20Cabinet.pdf?T=9>

Internal Rules: Contract Standing Orders

The constitution is a written legal document that guides the council on its decision making process.

| Value | Route | Notes |
|-----------------------|-------------------|---|
| Below £25k | Best Value | |
| £25 – £100k: | 3 Quotes | At least 1 to be local where possible |
| £100k – EU thresholds | 5 Tenders | public advert and Contracts Finder (except construction related and invited from the approved list) |
| Over EU thresholds | EU Tender Process | |

External Rules: Public Contract Regs

Public Contract Regulations 2015 thresholds – after October 2018, all contracts over this total value are required to use the eProcurement system.

EU Thresholds for Local Authorities:

| Type of Contract | Threshold Value 2018 & 2019 |
|---|--------------------------------|
| Goods / Services | £181,302 |
| Light Touch Regime – Health, Social and Education Services (Formerly Part B) | £615,278 |
| Works | £4,551,413 |

Contract Management and Monitoring

Contract Management and Monitoring that covers both the performance of the contract and Key Performance Indicators as well as the minimum standards and ethics of the organisation are the responsibility of the Lead Contract Officer.

Contract Standing Orders require that the LCO must ensure that systems are in place to manage and monitor contracts in respect of at least:

- a) compliance with specification and contract
- b) contractor performance and KPIs
- c) budget and cost
- d) user satisfaction
- e) risk management
- f) delivery of social value commitments, including London Living Wage.

£5k or more must be on the contracts register

SMEs and Accessibility to Market

- Organisational details – SMEs / BAMEs are not commonly captured as part of the procurement process.
- Registering with the eProcurement portal includes some but it isn't mandated or specific to Southwark.
- Not used in procurement process as procurement principles are:
 - Openness
 - Transparency
 - Non-Discrimination
 - Proportionality

Over EU Threshold Value Contracts

- More information is captured for higher value contracts via the standard Supplier Qualification Questionnaire (Pre-Qualification Questionnaire) that was issued by central Government in September 2016
- This cannot be changed, other than to include specific technical questions about the tender being undertaken without informing central Government
- Information cannot be used to inform the award of contracts to a specific type or size of organisation.

Support for Local SMEs

- For contracts requiring 3 quotes (£25 - £100k in value) CSOs require at least one to be local where possible.
- Cannot discriminate in favour of small local businesses.
- No system exists that local SMEs / BAMEs can register with information on their organisational specialisms / services; how are they found if up to £100k in value, opportunities do not have to be advertised?

Support for Local SMEs

- Some procurement exercises look to support Local SMEs / BAME by pre-market engagement and also support for tendering processes via bidders days/ training
- FFPF inclusion of lots of beyond statutory obligations for organisations e.g. gender pay gap and action plan reporting for contracts over £100k means these may be barriers to bidding / may be at odds with start-ups relying upon the gig economy
- The cost and expertise required for bidding for public sector contracts, because of the checks and process required, often means that it is restrictive for SMEs / BAMEs

Support for Local SMEs

- Could offer training for SMEs / BAME organisations on Procurement - but how to ensure this follows through into opportunities? Pipeline of opportunities from departments could be a way forward.
- Federation of Small Business view of Local Authorities work has been reviewed with Local Economy Team but these create a balance of perspective e.g. disaggregating all opportunities to make them more accessible for SMEs versus public sector best value and the resource implications for procurement and contract management.

Social Value

- Social Value is improvement to the economic, social and environmental well-being benefitting the local area and its residents that is linked to contractual spend.
- SV achieved to date include apprenticeships, job placements and talks/presentations at schools. Lendlease have worked as part of the Elephant and Castle regeneration to delivery the skills academy.
- A cross – council working group was established with procurement, local economy and regeneration representatives in recognition of the additional benefit that social value can bring to the Council for its contract spend.

Social Value Portal

The agreed specification for a Social Value monitoring tool was:

- Outcomes to be able to be directly linked to the council's priorities
- Outputs and outcomes to be determined by a transparently defined and nationally recognised criteria/values
- The portal should be open to all businesses with at least a free cost to bid for businesses
- The portal should create a level playing field for all tendering organisations, regardless of size
- The portal should also contracts / planning policy allow Social Value commitments to be monitored and reported on across the life of the project with input from the supplier / developer

Social Value Portal

The Social Value Portal was selected from other systems but considered as the only one to meet the agreed specification.

A pilot of a handful of higher value procurements was agreed to test the way that this works for our contracts, delivery and the experience of individual markets.

The pilot projects include:

- Highways
- Parking Services

www.socialvalueportal.com

CompeteFor

- Developed for infrastructure projects for the London 2012 Games authorities and their supply chains, this online portal continues to be used in the supply chain of major capital infrastructure projects, such as Crossrail. <https://www.competefor.com/>
- The portal allows buying organisations to run supply chain competitions that are open and transparent to ensure wider flow down and access to opportunities for smaller and local businesses. This has been predominantly infrastructure and works contract supply chains.
- There are 170,000 business registered, and report that 75% of all opportunities advertised via the portal were awarded to SMEs.
- However, two thirds of successful businesses were from outside London

Any questions?

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Who takes Procurement Decisions?

| Decision Maker | Services / Suppliers | Works | Notes | Review Meetings |
|--|---|--------------|--|-----------------|
| Cabinet | Over £4m | Over £15m | | DCRB & CCRB |
| Individual Decision Maker (Portfolio Holder) | £2m+ - £4m | £10m+ - £15m | Approval of GW0 (services over £10m) | DCRB & CCRB |
| Strategic Director of Finance and Governance | Where recommending a single supplier negotiation over EU threshold at GW1 | | Where recommending award (GW2) to a provider more than 15% above the lowest tenderer where value is over £500k for services / suppliers or over EU threshold for works | DCRB & CCRB |
| Chief Officer | Up to £2m | Up to £10m | | DCRB |

Procurement Decisions

| Report | What? | When |
|--------|--------------------------------------|--|
| GW0 | Strategic Assessment | For service contracts over £10m in value |
| GW1 | Procurement Strategy | For all contracts over £100k in value |
| GW2 | Contract Award | For contracts over £150k in value |
| GW3 | Variations / Extensions to contracts | For all contracts over £100k in value |