

Report to Cabinet

25th March 2021

By the Cabinet Member of Finance & Assets

DECISION REQUIRED



**Horsham
District
Council**

Not Exempt

Procurement Shared Service – Extension of Agreement

Executive Summary

The Council's Procurement Service has operated jointly since 2010. This report seeks approval for the shared service model to continue for a further four years with an option to extend for a further four years from April 1st 2022 with Crawley acting as the lead authority, providing services under an Inter-Authority Agreement on behalf of Horsham, Mid Sussex and Mole Valley District Councils.

Recommendations

The Cabinet is recommended to:

- a) Approve the delegation of the provision of its procurement services to Crawley Borough Council from 1st April 2022 under Section 101 of the Local Government Act 1972.
- b) Agree to the provision of services under an Inter-Authority Agreement for a minimum period of four years from 1st April 2022 to 31st March 2026 with an option to extend for a further period of up to four years.
- c) Delegate authority to the Director of Corporate Resources and the Head of Legal and Democratic Services to agree the terms of the Inter-Authority Agreement which reflects the principles outlined in the report.
- d) Delegate to the Director of Corporate Resources and Head of Legal and Democratic Services the ability to apply the four year extension at the end of the initial term subject to performance review in consultation with the Cabinet Member for Finance & Assets.

Reasons for Recommendations

The current joint working arrangement with Horsham District Council, Mid Sussex Council and Mole Valley District Council is due for renewal on 31st March 2022 and therefore there is a need for Members to agree how procurement services will be provided in the future in order to give partners assurance that services will continue beyond this date.

Background Papers

Cabinet report of 25th January 2018

Wards affected:

Contact: Jo Newton-Smith, Procurement Manager 01403 215147.

Background Information

1 Introduction and Background

- 1.1 On 6th April 2010 Crawley, Horsham and Mid Sussex Councils entered a joint working arrangement which saw existing procurement resources forming one team and being shared across the authorities. In 2018 it was agreed that Crawley Borough Council would take the role as lead Authority and employ all staff to deliver services to the Councils. On 1st December 2020 Mole Valley District Council joined the partnership after the successful completion of a 12-month trial period. The benefits of joint working are 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.
- 1.2 Since then the service has delivered numerous projects and contributed to savings of in excess of £7,440,000.00¹. These projects include complex 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 Sustainable Procurement and Contract Management.
- 1.3 The team are responsible for developing the internal procurement rules and guidance documentation that meets the requirements of 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 supports departments in the management of key contracts as and when required.
- 1.4 The Joint Procurement Board governs the shared procurement service via an Inter-agency Agreement and is made up of a representative from each of the authorities.
- 1.5 The budget for 21/22 is set at £284,550. The current payment mechanism is a percentage split with Crawley and Horsham both paying 25% of the costs, Mid Sussex 23%, and Mole Valley 27%.

2 Relevant Council policy

- 2.1 The proposed model supports the delivery of the Corporate Plan priority area 5 - A modern and flexible Council.

¹ These savings are based on either one-off savings compared with budget or the 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. Horsham's proportion of savings is £1,442,196.00

3 Details

- 3.1 The future arrangement would see Horsham, Mid Sussex and Mole Valley Councils to continue to delegate the provision of procurement services to Crawley Borough Council under a formal Inter-Authority Agreement. Horsham, Mid Sussex and Mole Valley 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 reviewed and executed. Any potential risks are shared, for example, redundancy, pensions, exceptional costs etc.
- 3.2 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 performance.
- 3.3 The budget would continue to be calculated on the percentage split of the costs between each of the authorities. From 1st April 2022 it is the intention of all parties that the costs will be shared equally. This will be reviewed after two years.
- 3.4 Crawley, Mid Sussex and Mole Valley Councils senior managers are in support of this recommendation.

4 Next Steps

- 4.1 If approved, the Inter-Authority Partnership Agreement covering such matters as governance, operational, financial and termination matters will be agreed and entered into.

5 Views of the Policy Development Advisory Group and Outcome of Consultations

- 5.1 To date consultation has taken place with the Joint Procurement Board (Horsham Director of Resources, Crawley Head of Corporate Finance, Mid Sussex Head of Corporate Finance and Mole Valley Executive Head of Service (Prosperity). The proposals have been presented to Crawley's Cabinet Briefing on 3rd February, and Horsham's Senior Leadership Team. All consultees supported the proposed approach. Crawley Borough Council will be taking a report to Cabinet on 10th March 2021.
- 5.2 **Finance and Assets Policy Development Advisory Group** will be consulted on this matter on 1st March 2021.
- 5.2 The Monitoring Officer and the Director of Corporate Resources have been consulted on the proposals and have had input into the report and proposals.

6 Other Courses of Action Considered but Rejected

- 6.1 The Joint Procurement Board considered alternative delivery models however the current model was deemed more beneficial.

7 Resource Consequences

- 7.1 The budget is prepared on an annual basis by Crawley Borough Council and agreed by the Joint Procurement Board. Horsham will pay a fee equating to 25% of the total cost of delivering the service annually. Any savings (or overspend) will be shared between the authorities.

8 Legal Consequences

- 8.1 The Council will be entering into a partnership arrangement whereby the provision of procurement services is delegated to Crawley Borough Council under Section 101 of the Local Government Act 1972.
- 8.2 Under Section 101 of The Local Government Act 1972 a Council may arrange for the discharge of its functions to another Authority. Section 9EA of The Local Government Act 2000 and Regulation 5(2)(a) of the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012 enables Cabinet to delegate the discharge of one of its executive functions to another authority. Procurement services are by default an executive function.

9 Risk Assessment

- 9.1 There are no medium or high risks associated with the proposed approach.

10 Other Considerations

- 10.1 There is no significant impact caused by these proposals.