

## NORTH YORKSHIRE COUNTY COUNCIL

### CORPORATE AND PARTNERSHIPS OVERVIEW & SCRUTINY COMMITTEE

11 JUNE 2012

### ANNUAL REPORT ON PROCUREMENT

#### Report of the Corporate Director – Finance and Central Services

#### 1.0 PURPOSE OF REPORT

- 1.1 To invite the Committee to consider a range of information relating to procurement activity during 2011/12.

#### 2.0 BACKGROUND

- 2.1 This report brings together a number of areas of information relating to procurement activity and other developments during 2011/12.
- 2.2 The coverage of the report includes those areas dealt with in the equivalent report for 2010/11.
- 2.3 An update is provided on the work carried out during 2011/12 on the One Council Procurement and Contract Management workstream.
- 2.4 As requested by the Chairman of the Committee, the report also provides a brief update on the likely impact of new legislation and guidance on the procurement function arising during 2011/12 including the Localism Act, the Public Services (Social Value) Act, and the Best Value Code of Practice.
- 2.5 During the year, the Government published guidance aimed at Government departments and in some cases the public sector generally. Typically, such guidance is mandatory for Government departments and other governmental bodies, but only advisory for local authorities and the wider public sector. It is worth highlighting that, as ever, the procurement landscape is changing and it is likely that we will need to take account of some of these procedures in line with Government advice.

#### 3.0 SPEND ANALYSIS AND CATEGORY MANAGEMENT

- 3.1 The main accounting records provide one way of analysing expenditure, and this is obviously helpful when understanding the data to support improved procurement. The financial system does not, however, classify suppliers into the type of goods or services that they provide, and this alternative approach to spend analysis has

proved useful in gaining a greater understanding of our spending within different categories.

- 3.2 During 2011/12, the County Council continued to subscribe to an external spend analysis service provided by a company Spikes Cavell. The most up to date information held in this system is based on outturn information in respect of 2010/11.
- 3.3 Last year, this exercise was undertaken as part of a regional initiative funded using one off RIEP monies. This meant that we had access to equivalent spend in other authorities across the region mostly based on 2009/10 outturn. This proved useful in terms of the initial discussions on possible collaborative purchasing across the region. Unfortunately, a number of authorities in the region have felt unable to subscribe to the service in 2011/12, which means that the comparative data is now somewhat out of date.
- 3.4 The spend analysis system makes it possible to analyse spend against standard category classifications, representing the types of goods and services purchased. Whilst this approach is not perfect, in that it relies on analysing spend with particular suppliers against a standard business classification for each supplier, it does give a good overall view of spend patterns.
- 3.5 Not all expenditure has been analysed in this system, which covers payments made through our main accounts payable system for non school expenditure, and also excludes certain “redacted” data relating to personal payments, where Data Protection Act considerations meant that information was not submitted to the spend analysis company. Examples of redacted data would be foster care payments and direct payments to those using the Social Care Direct Payments Scheme. It also excludes expenditure paid through the CHAPS bank transfer system
- 3.6 A summary, using the standard categorisation is shown in **Appendix 1**, and gives an overall analysis of £297m.
- 3.7 The information contained within the spend analysis has been used as a starting point to identify areas of spend that may benefit from improved procurement practices. A considerable proportion of our non pay spend relates to categories where the County Council already has in place a basis for category management.
- 3.8 Category management might be described, in simple terms, as:
- Ensuring we have a focus of expertise with sufficient knowledge to provide realistic specifications of the goods or services required.
  - Providing a mechanism for consolidating demand across the organisation.
  - Supporting an approach to standardising, where appropriate, the different requirements across the County Council for spend in that category.
  - Reflecting some understanding of the supply chain. This might include a knowledge of what the relevant market is geared up to provide at best value. We want to avoid building in cost because our requirement is different from the standard market offering without a good justification. A good example of this would be specifying a PC or laptop that did not meet the current volume

market demand for such items. Obviously, we need sufficient knowledge to know how to “access” the market in a way that will provide a spread of suppliers for a particular procurement on the basis this should help to assure best value

- 3.9 The work that is underway at the present time linked to the One Council workstream will aim to ensure that best practice approaches are taken to procurement and contract management within these existing categories, and will identify areas where further work is required to bring together requirements across different parts of the authority into consolidated procurement or purchasing arrangements.
- 3.10 The Regional Procurement Group is a representative body of authorities across Yorkshire and the Humber. An important part of the current work programme for the group is to look at the potential for collaborative procurement. Starting with identifying the amount spent on some key categories, the group has been looking at different approaches to collaboration.
- 3.11 At its simplest, this has been a useful way of benchmarking current arrangements in place in different authorities and prices achieved for some commonly purchased goods and services. In some cases, this has highlighted the opportunities for individual authorities to join in to existing framework arrangements.
- 3.12 The group is also looking at the potential for new collaborative procurements and frameworks. A number of initiatives are being pursued at the present time. If such collaborative arrangements are put in place, in some cases it will be appropriate for one of the authorities in the region to act as the lead authority for the procurement. In other cases we are working with the Yorkshire Purchasing Organisation to understand whether it is appropriate for them to undertake a procurement which would enable this Council, along with others, to access those goods and services on our behalf, or utilise information gathered during the benchmarking work to amend current arrangements already in place in that organisation.

#### **4.0 MANAGING THE PROCUREMENT PROCESS**

- 4.1 The Public Contracts Regulations 2006 prescribe the processes which apply to all public sector bodies in the procurement of works, services and supplies. These regulations only apply to procurements that exceed certain threshold values, below which local procedural rules and regulations are applied. The County Council rules, set out in the Contract Procedure Rules within the Constitution, provide the framework within which all procurement must be undertaken. In particular this sets out tendering limits and the need to seek formal tenders or quotations as a matter of course for procurements which exceed an estimated whole life cost of £10k. Written quotations may also be sought for spend above £5k but less than £10k. There are a number of specific exemptions. One relates to the use of existing agreements through buying organisations such as the Yorkshire Purchasing Organisation. In respect of social care contracts there are situations where a full open market procurement is not undertaken because of special circumstances, such as the need for a continuation of an existing relationship with a provider for an individual or group of service users.

- 4.2 Good procurement is about getting the right mix of price and quality to give the best overall value to the Council. It is important that the specification for a procurement ensures that we are buying what we need, in terms of service outcomes, at the right quality, and that we take account of sustainability in its widest sense. Indeed quality is often, but not always, an important criterion in the selection of suppliers. For example we look at the track record and experience of the supplier where appropriate and especially the quality of the solution offered. This will include issues about the impact on the local economy. We also need to ensure that equality issues are taken fully into account. These issues are covered later in the report, and a number of developments, including new legislation and government guidance have been issued during the year. The potential impact of these is covered in a later section of this report.
- 4.3 There is a need to ensure the overall process manages risks, and that these are mitigated wherever possible. Consideration of these issues is addressed through the risk analysis and Gateway process, applied to all larger procurements. Risks are also dealt with through supplier pre-selection using the Pre-Qualification Questionnaires (PQQs) that are issued to potential suppliers during a restricted procurement process. Risk can also be managed through the specification of service, which includes such things as determining break points, contract management regimes etc. There may be situations where it is appropriate, having identified the risk inherent in a contract, to take an informed view of which party is best placed to manage those risks and the financial implications of doing so. During 2011/12, a piece of work has been completed on this aspect of developing specifications, particularly in the context of design liability on construction related projects.
- 4.4 Within the framework described above, Directorates compile Forward Procurement Plans (FPPs) that now cover a rolling three year period and are reviewed on a quarterly basis.
- 4.5 Procurements identified through this planning process will then be managed using the County Council's e-procurement tool, currently SCMS. In this way, procurements above £10k in value can be managed in a consistent fashion. The use of SCMS provides an effective way of ensuring that all key procurements are publicised in a transparent way to potential suppliers. An exercise is underway, regionally, to re-procure this tool following the end of the SCMS contract in December 2012. The same approach will be taken with the system chosen under this re-procurement exercise.
- 4.6 Information on the award of a final contract is captured in a standard Contracts Register. During 2011/12, we have implemented a quarterly process to review and then publish the Contracts Register on the County Council's open data website, hence meeting the Government's requirements for Transparency. We continue to publish a monthly report on items of expenditure over £500.
- 4.7 To give an idea of procurement activity, 149 procurements were either completed or in progress during 2011/12 using the SCMS system.
- 4.8 The Contracts Register currently holds 1870 records.

4.9 Within the context of procurement in 2011/12, there were clearly a range of relatively straightforward procurements for day to day items, together with more significant procurements for high value or complex services. Directorates have been asked to identify examples of noteworthy procurements for the purpose of this report and these are described in **Appendix 2**.

## 5.0 **SAVINGS OBTAINED FROM PROCUREMENT EXERCISES OR CONTRACT MANAGEMENT**

5.1 As reported in last years annual report, and in the light of further development work linked to One Council, a key priority has been to introduce a comprehensive and consistent way of tracking savings obtained through procurement and contract management activity.

5.2 The overall savings reports aim to identify gains from all relevant activity. In some cases, these savings are required to meet budget savings requirements identified in the MTFs, in particular in 2011/12 and 2012/13. Once those savings have been covered, additional savings are likely to be available to the One Council workstream.

5.3 It should be noted that there are a number of situations where identified savings are not available to meet the budget reductions targets. For example, these may be one off in nature, possibly related to projects for which specific funding has been identified. In addition, some savings relate to services that are then recharged, for example to schools.

5.4 **Appendix 3** provides the information in respect of 2011/12 on significant procurements or contract management work completed in that year. This indicates those items where savings in the base budget have been utilised to meet MTFs targets, and other items where those savings have been allocated against the One Council workstream.

## 6.0 **SUSTAINABLE PROCUREMENT INCLUDING THE IMPACT OF PROCUREMENT ON THE LOCAL ECONOMY**

6.1 The implementation of sustainable procurement practices seeks to reduce the negative impacts of the County Council's purchases on the community, the local economy and the environment, and where possible produce a positive impact in some if not all of these areas.

6.2 Procurement is an economic activity so it is important to remember that, from a procurement perspective, **sustaining the local economy** has a positive socio/economic outcome and therefore is also a consideration. The legal requirement under the EU Directives for a 'level playing field' means that it is not possible to have a policy restricting procurement to local firms. There are, however, a number of matters that can be taken into account which allow some flexibility that can help to ensure local firms, and particularly Small and Medium Sized Enterprises (SMEs) are in a position to compete for the County Council's business.

- 6.3 These must, of course, be balanced carefully. The main aim of the County Council's procurement must always be to ensure best value. Issues that may assist local, as against national, organisations will be dependent on the nature of the procurement, but may include for example: response times, carbon footprint, freshness of goods (where applicable). In this way, it is possible to use sustainability in its widest sense to enable local businesses, including local SMEs to compete on more equal terms with larger national suppliers.
- 6.4 The County Council is a public body so much of what it does in service delivery terms provides a positive social/economic outcome. There are additional ways, however, to enhance this through the procurement process. For example, it is legitimate to break large procurements into smaller Lots making them more SME friendly, provided this is not seen as disaggregation to get below the EU limit for a procurement project. This is the approach that has recently been endorsed by the Government, although the Council have been doing this for some time. Indeed a close analysis of two of the major initiatives launched by the Government - Quick Wins Strategy 2010 and Big Wins Strategy 2011 – showed that the Council were already engaged in all initiatives applicable to them. The Council is currently considering the Central Government initiative (see Section 11 below for further details) of removing the requirement for a PQQ for all tenders below the OJEU threshold, although serious consideration and analysis must be given to the resultant impact in workload that this approach may have, as all responses will have to be fully evaluated. Due regard must also be taken for the Council's need to ensure overall value for money. Where this approach is adopted, it is often possible to develop tender documents that allow for the possibility of larger organisations tendering for all Lots, whereas smaller organisations may only tender for a part of the overall requirement. In this way, a "best fit" can be achieved, giving overall value for money. Care needs to be taken, when using this approach, to ensure that subsequent contract management arrangements are also cost effective.
- 6.5 In respect of **environmental sustainability**, and as in previous years, it is clear that some areas of procurement have greater impact on the environment than others eg. construction, highways etc. Therefore sustainable procurement activities are focusing on these areas. As the process, procedures and tool kits are used they are being refined to ensure they provide what officers need, and that the information required can be used in established reporting systems such as the Gateway process. The aim is that sustainable procurement practice is embedded as part of overall best practice approaches.
- 6.6 **Appendix 4** provides an overview of some examples of good practice in respect of impacts on the local economy and on environmental sustainability. It also reflects best practice on equality matters, dealt with in the next section of this report bearing in mind that there are some procurements that represent best practice across both sustainability and equality.
- 6.7 The Public Services (Social Value) Act 2012, which is referred in Section 11 of this report, may have an impact on our procurement approaches to achieve sustainable procurement. Under the terms of that Act, we will need to consider how economic, social and environmental well being might be enhanced when we procure services.

## 7.0 EQUALITIES IN PROCUREMENT

- 7.1 Equalities are an important aspect of procurement activity and the Council is committed to supporting equalities through its procurement policy, processes and rules.
- 7.2 Officers are obliged to conduct an Equalities Impact Assessment when engaging in a tender exercise. Specifications are reviewed and any negative equalities aspects identified. Thereafter specifications are amended to remove or mitigate such impacts. In addition the Council has a risk based approach to equalities where procurements are graded as Minimum, Low, Medium or High risk in respect of equalities. Each risk category details a number of defined obligations that are placed on tenderers through the specification; the higher the risk classification, the more onerous the obligations placed upon the tenderers.
- 7.3 Equalities feature prominently in Contract Procedure Rules, where transparency, openness and fairness underpin all procurement processes. Such principles are further reinforced by the EU Procurement Regulations.
- 7.4 Equalities are embedded in the Council's processes and procedures, and **Appendix 4** also provides a number of examples of procurement projects which have incorporated equality and diversity aspects/practices within their specifications.

## 8.0 OBJECTIVES OF THE ONE COUNCIL PROCUREMENT AND CONTRACT MANAGEMENT WORKSTREAM

- 8.1 During 2011/12, a significant amount of work has been completed on the One Council Procurement and Contract Management workstream.
- 8.2 The overall objective of this workstream is to identify and maximise opportunities to deliver process improvement and savings within procurement and contract management. Within that objective, a number of high level project deliverables were identified at the commencement of the work, and this report updates on progress to date:

### High Level Project Deliverables

- 8.3 To ensure high performance and a one council approach through a **systematic corporate approach to Procurement and Contract management** by:
- ensuring best practice procurement methods are applied consistently across the Council
  - ensuring contract terms are adhered to and managed to provide continuing best value
  - ensuring contract charges are aligned with contract performance

- 8.4 To support the delivery of front line services and ensure high performance through a corporate **approach to category management** by:
- ensuring skills and knowledge are available consistently across the Council
  - developing and engaging the market in a way likely to deliver best value
  - standardising using product/service specifications where applicable to deliver best value
  - ensuring the most competitive prices are achieved
  - improving processes e.g. possible introduction of P2P
- 8.5 To adopt a one council approach using a **hub and spoke structure** which will offer a centralised pool of resource and expertise to support the council and ensure all procurements, contracts and supplier engagement is managed appropriately and consistently.
- 8.6 The overall aim will be to improve service delivery, and achieve cashable savings.

## 9.0 **THE APPROACH TO MANAGING THE WORKSTREAM**

9.1 The workstream has been broken down into four projects as described below.

### 9.2 *Project 1 – Procurement Action Plan*

The Corporate Procurement Strategy has been reviewed for the period 2011-14, and was approved by the County Council in July 2011. Aligned to that Strategy, a Procurement Action Plan 2011/12 was developed and implementation of the Plan was progressed during the year. The Strategy has been reviewed as we move into 2012/13, including consideration by the Corporate Procurement Members Working Group, and it has been concluded that no changes are required to the Strategy at this time. The Action Plan for 2012/13 has also been set.

Key parts of the Action Plan relate to the workstream priorities on improving our approach to category management and contract management, and ensuring that we implement best practice across the Council. Work is progressing on the procurement of a replacement to the current regional e-tendering system. The County Council is represented on the regional working group that is delivering this project. It is anticipated that the new system will be implemented in December 2012.

### 9.3 *Project 2 – Structural Matters, including hub and spoke*

Work was completed during the year on mapping the way in which different posts within Directorates are involved in procurement and contract management activity, and how these relate to the current central resource provided through a contracted service with NPG.

The conclusion from that work has led to the design of a future structure for procurement and contract management. This is set out in schematic form in **Appendix 5**.



Whilst a formal “hub and spoke” model was considered carefully, it has been recognised that many staff involved in procurement and contract management do so as only part of their role. This may be because the main input is episodic, ie significant activity is required at the points particular procurements need to be completed, but there may be some months or years between such procurements. Alternatively, whilst procurement might be ongoing through the year, successful arrangements have been put in place that link that activity to the ongoing management of the service provision for which the procurement is made. A good example of this might be the work carried out in Integrated Passenger Transport.

The conclusion from this is that a “virtual hub and spoke” is most appropriate to deliver the service in future. An important aspect of the arrangements is the accountability of the “Functional Procurement Management Team” (FPMT). This team will have a role in setting corporate best practice approaches to dealing with procurement and contract management, and an accountability for ensuring that individual procurements and subsequent contract management activity is well planned and coordinated, involving the right skills at the right times to ensure successful outcomes.

Supporting the work of this Functional Management Team, it has been agreed that the most effective way of providing a “hub” will be through a contracted service. This service will be provided and allocated in a different way to that used for the current NPG contract. The procurement arrangements for this contract are being progressed at this time, and at the time this report was drafted, the project team is evaluating the PQQs submitted by interested organisations, prior to issuing an Invitation to Tender from shortlisted suppliers. The requirement is for a contract that will focus on delivering successful procurement and contract management for specific service requirements whilst maintaining the importance of effective procedures and compliance with statutory requirements such as the European procurement rules.

The previous tendered contract with NPG expired on the 31st March 2012. Agreement has been reached with NPG to cover the period between the expiry of the initial arrangements and the implementation date for the new contract which is likely to be 1st November 2012.

Following the sign off of the implementation plan by Management Board in April 2012, the arrangements for FPMT have been implemented, and initial meetings held.

#### 9.4 *Project 3 – P2P – Purchase/Procure to Pay*

The initial vision document suggested that the implementation of a P2P system may bring benefits to the County Council, although there may well be significant implementation costs. On that basis, a specific project has been set up within the workstream to progress work on understanding the implications of such a system for the authority, and whether there is a business case for such an investment.

At this stage, the Project Team has completed initial research into the functionality of such systems and has held discussions with four authorities using this type of approach:

- Cumbria County Council
- Redcar and Cleveland Council
- North Yorkshire Police
- Darlington Borough Council

These authorities have used different approaches and software in implementing their systems, and this has proved useful in understanding some of the technical, managerial and cultural issues that arise from adopting these approaches.

Workshops have been held with a cross section of staff in Directorates to gain a clearer understanding of the processes in place now, the time spent on those processes, and hence the benefits and savings (if any) that might arise from implementing a P2P approach.

Initial consideration, and a demonstration of one product in the marketplace, has been given to the potential for further automation of the invoice payment process.

The initial work has highlighted the apparent benefits of using a software approach fully integrated with our accounting system, in respect of the ordering/commitment accounting functionality of a P2P approach. On this basis, further work has commenced to understand the specific functionality of the Oracle iProcurement module, which integrates into the Oracle Financials system, and to look at some of the practical implications of implementing this module, and the likely costs involved.

In summary, the first exploratory stage of the project described above is nearing completion, and the team is starting to draw up an initial “vision document” on how a P2P system might be implemented, including possible options, as a first stage towards developing a business case.

The project approach recognises the very close links between this workstream, and the Financial Management and Business Support and Administration workstreams, bearing in mind the functionality inherent in a P2P system. This would impact on a range of financial processes, and would also impact on how both managers and their support staff undertake a range of processes from ordering, receipting, and paying for goods and services, and related activities linked to budgetary control and commitment accounting.

#### 9.5 *Project 4 – Strategic Commissioning*

No work has been completed on this project at this stage.

### 10.0 **SUCCESS CRITERIA AND MEASURING BENEFITS**

- 10.1 The workstream was initially set an indicative savings requirement of £2.5m. This has recently been increased to £3m. Whilst some savings are anticipated from the redefined contracted support service, it is not anticipated that staff savings will arise from other structural changes, although in common with other parts of the council all staff groups will be subject to reviews under the Management and Supervision, and Business Support and Administration workstreams. The main focus of savings, therefore, will come from obtaining better value from procurement and contract

management activity. In terms of the overall figure, a significant contribution will be made by the savings arising from the re-procurement of the Highways Maintenance Contract. During 2011/12, a number of procurements and pieces of contract management work have led to savings, although many of these have been required to meet MTFS savings targets, rather than contribute to the One Council requirement. Arrangements are in place to monitor and record savings on future activity, and there is confidence that the £3m figure will be achieved over the duration of the Plan.

10.2 As noted above, the implementation of a P2P system would need to be based on a detailed business case. At this stage, it is not clear whether such a case can be made, and the extent to which benefits would outweigh implementation costs in the short term at least. This will need to be clarified as part of the business case work later in the year.

## 11.0 **IMPACT OF NEW LEGISLATION AND GUIDANCE IMPACTING ON THE COUNTY COUNCIL'S PROCUREMENT**

11.1 There have been several legislative changes during 2011/12 which will have an impact on the way the County Council manages its procurement in the future. The most significant of these are the Localism Act 2011 and the Public Services (Social Value) Act 2012.

11.2 Amongst a wide range of other reforms, the **Localism Act 2011** has introduced the "Community Right to Challenge". The details of this new right will be set out in Regulations which are expected to be in place later this year. Details of the proposed framework for the new arrangements have been subject to public consultation.

11.3 The Act allows voluntary and community groups, parish councils and local authority employees the right to express an interest in taking over the running of a local authority service. The local authority can set a cycle, within which challenges can be submitted, considered and a response given. Where a challenge is accepted, the local authority must then run a procurement exercise for the service, in which the challenging organisation can bid.

11.4 Practical arrangements for the challenge cycle within the County Council, and the knock on effect on to possible procurement arrangements can only be firmed up when the Regulations and related guidance are issued.

11.5 The **Public Services (Social Value) Act 2012** received Royal Assent in March 2012. The main provisions of the Act will be implemented by way of Regulations. At the time of writing this report these have not been issued. The Act and the Regulations will impose a new obligation on the County Council to consider whether or not an improvement to the economic, social and environmental wellbeing of the area can be achieved as part of the procurement. This obligation is only imposed in relation to the procurement of services. Works and goods are only impacted when they are procured alongside services.

- 11.6 The obligations in the Act must be dealt with in the period before procurement commences. The Act:
- requires authorities to consider how to improve the economic, social and environmental well being of an area by what is proposed to be procured, and how that improvement might be achieved through the procurement process.
  - prevents an authority taking into account any matters that are not relevant to what is being procured, when considering how the process might be used to improve well being.
  - requires an authority to consider to what extent it is proper to take a relevant matter into account, ie a proportionality requirement.
  - requires that an authority must consider consulting on how the proposed procurement might improve the wellbeing of the area, and how through the procurement process it might achieve that improvement.
- 11.7 The practical implications of implementing the Act need to be considered further, including an assessment of benefits and any possible costs arising from the Act. One obvious implication is that we will need to review the way in which we currently deal with sustainability issues in our current approach to procurement, and how we evaluate these matters within the overall procurement process. An important change made by the Act is to amend the Local Government Act 1988. Previously that Act prohibited local authorities from taking into account “non commercial considerations” in public procurement decisions. The new Act makes it clear that a public body will not be in breach of this prohibition in relation to non commercial considerations by complying with their new duties in relation to economic, social and environmental matters.
- 11.8 This new Act links to changes made in the **Best Value Statutory Guidance** issued in September 2011. This new Duty of Best Value is important because it makes clear that Councils should consider overall value, including economic, environmental and social value, when considering service provision. The particular context of the Best Value Statutory Guidance is to set out expectations for Authorities considering changing funding to local voluntary and community groups and small businesses. It introduced new guidance on the need for authorities to seek to avoid passing on disproportionate reductions in funding (including contracts) to the voluntary and community sector and small businesses as a whole, linked to the Duty to Consult.
- 11.9 In February 2012, the Government issued **guidance on the use of pre qualification questionnaires (PQQ’s)**. This guidance is mandated for Central Government departments and other governmental bodies. Other contracting authorities including local authorities are strongly encouraged to apply these requirements. The policy means that the Government will no longer use a restricted procurement process involving PQQ’s for any procurement under the relevant EU threshold. As an example of that threshold, the one applying for goods and services from January 2012 stands at £174k. The policy also introduced a standard PQQ with the objective of ensuring cross Government adoption of a shortened, less onerous, PQQ template.

- 11.10 Initial consideration has been given to whether the County Council should adopt this guidance for its own procurements.
- 11.11 In respect of PQQ standardisation, this has been discussed at regional level, and the benefits of having a standard approach linked in to the electronic submission of PQQ's is seen to be an important initiative that should sit alongside the re-procurement of an electronic e-tendering portal to replace the current regional SCMS system. The Regional Procurement Group has undertaken, therefore, to look at this issue during 2012 alongside the re-procurement process. Whilst the principle of standardisation and the ability to reuse information is seen as an important benefit, the County Council must ensure that it can obtain appropriate information at the right point in a procurement process to ensure effective best value outcomes are achieved. These issues will need to be taken into account in the consideration mentioned above.
- 11.12 In respect of eliminating the use of PQQs for lower value procurements, there is a concern that such an approach may not assist either the market or the County Council. If organisations are asked to complete the full tender process, then they will need to spend more time on this than completing a pre qualification stage in the first instance. This may mean that many organisations spend considerable amounts of time, when in practice they may have a limited chance of success in winning the tender. From the County Council's viewpoint, time would need to be spent on evaluating potentially large numbers of tenders before a decision could be taken on award. So whilst, there may be some overall shortening of the period over which a procurement takes place, from commencement to contract award, the length of time and resources needed to complete the evaluation may be increased. At this stage, therefore, it is not anticipated that the County Council will adopt this approach, but this will be kept under review. In particular, the Regional Procurement Group offers the opportunity to share any experience gained in other authorities who may choose to go down this line.
- 11.13 Further changes are on the horizon for the **EU legislative framework of public procurement** with the European Commission, which is currently receiving feedback on proposals issued at the end of 2011.
- 11.14 The proposed directive will have the objective of:
- Increasing the efficiency of spending to ensure the best possible procurement outcomes in terms of value for money. This implies, in particular, a simplification of, and the addition of further flexibility to the existing rules.
  - Allowing procurers to make better use of procurement in support of goals such as protection of the environment, resource and energy efficiency, combating climate change, promoting innovation, employment and social inclusion and ensuring the best possible conditions for the provision of high quality social services.
  - Encouraging access to public procurement for SMEs.
- 11.15 The UK Government has made a number of points in its feedback. Changes to the EU framework arising from this process are not likely to apply until 2013.

12.0 **RECOMMENDATION**

12.1 That Members note the content of this report.

JOHN MOORE  
Corporate Director – Finance and Central Services

County Hall  
Northallerton

30 May 2012

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**Background documents** – None

## An analysis of categories of expenditure 2010/11

Category of Spend	Total Spend in this Category in 2010/11 £
Social Community Care	88,085,154.49
Construction	63,482,305.97
Public Transport	24,787,727.90
Information Communication Technology	15,770,344.18
Education	13,667,333.54
Housing Management	10,849,822.55
Environmental Services	7,130,074.20
Human Resources	4,643,509.34
Utilities	4,432,049.69
Financial Services	4,313,131.57
Catering	3,961,220.51
Facilities & Management Services	3,920,229.68
Construction Materials	2,647,152.19
Vehicle Management	2,533,502.65
Highway Equipment & Materials	2,185,120.30
Healthcare	1,767,729.52
Legal Services	1,515,552.99
Stationery	1,200,636.56
Consultancy	1,150,617.55
Horticultural	1,068,262.83
Arts & Leisure Services	988,674.96
Mail Services	797,308.97
Cleaning & Janitorial	415,270.81
Street & Traffic Management	391,205.81
Furniture & Soft Furnishings	371,141.13
Health & Safety	234,951.62
Sports & Playground Equipment & Maintenance	199,003.82
Clothing	163,023.85
Domestic Goods	6,631.22
Sub Total of Analysed Category Spend	262,678,690.40
Uncategorised Spend	34,153,300.33
Grand Total	296,831,990.73

**Note**

1. This table is based on an analysis of expenditure against individual suppliers and their business classification submitted to Spikes Cavell. The spend analysis tool is not able to analyse all expenditure in this way, and the figure of £34.1m is in respect of uncategorised suppliers. The analysis **excludes** sums paid by CHAPS bank transfer as these were not submitted to the expenditure analysis company.

## Noteworthy Procurements during 2010-11

1. Included below are a number of examples of particularly noteworthy procurements involving activity during 2011/12.
2. These are highlighted for a range of reasons such as:
  - Innovative approach
  - lessons learned, some of which can be shared across other procurements in future
  - an exceptional approach to a problem

### Health and Adult Services Directorate (HAS)

#### Supporting Innovation

3. HAS set up an Innovation Fund from the Performance Reward Grant. The concept was agreed following discussion with the voluntary sector.
4. The Fund supports priority areas of transformation within adult social care which show an innovative approach. The funding also represents an investment by the Council in the voluntary sector to develop a range of schemes delivering the Directorate's objectives despite significant funding pressures. The Fund totals £1.6m over a three year period. Each successful bid will be funded for three years with a maximum of £50,000 available for each bid.
5. The Fund is being administered in three rounds with a full evaluation of each round. Within 2011/12 the first round was completed with great success. Thirty seven bids were received of which eight were successful. This represented £324,000 of funding. All of the successful bids met the overarching strategic objectives and will provide improved outcomes to people accessing the service whilst delivering value for money. Examples of successful bids include developing a social enterprise employing disabled people in rural Harrogate and providing a Brokerage Support service.
6. Lessons from each round are fed into the next and the process adapted. Successful bidders are also used to brief potential bidders in the next round.

### Business and Environmental Services Directorate (BES)

#### Civil Engineering Contractor's Framework (CECF)

7. The CECF is a complex framework that has been approached with a view to supporting the Council's, and now the Government's, initiative of making work opportunities available to SMEs and local businesses across the whole of the County. This has been done through justifiable packaging of the work into a variety of Lots that are within the capabilities of a number of SMEs rather than just a single



major contractor, and by taking geographical location into account.

8. At the time of writing this report, the CECF is in the final stages of procurement and being moderated, with a target date of being established early summer 2012. In order to facilitate efficiency of service taking the size and terrain of the County into consideration, and to engage with specialists of varying sizes in different fields, the framework has been split into 22 different Lots covering:
  - different geographical areas of the County
  - different types of work (eg highways, footbridges, masonry etc)
  - different value ranges eg <£50k, £50k - £150k, £150k – £750k, > £750k to OJEU limit
9. A total of 130 bids have been received, from 25 different companies (ie many have bid for more than 1 Lot). It is anticipated there will be no more than 8 suppliers awarded places for each Lot.
10. Making the CECF available to other Authorities, including the National Parks, will increase the potential for future business opportunities for those successful suppliers awarded a place on the framework. Whilst it is impossible to predict the number of individual business opportunities, it is anticipated that the value of works through the CECF could be in the order of £20million over the next 4 years.

#### Highways Maintenance Contract (HMC 2012)

11. Although reported in last year's annual procurement report, such is the scale and complexity of the HMC 2012 contract (10 years, £250million), that it remains a noteworthy procurement.
12. Having obtained Executive approval for the shortlist early in 2011, ITT documents were subsequently issued, returned, assessed and a report was considered by the Executive in September 2011, who approved the recommendation to award the contract to Ringway.
13. In accordance with both European and the County Council's own procurement requirements, the contract was officially awarded in November 2011 and signed in January 2012.
14. Following a successful Mobilisation Period, HMC 2012 'Went Live' with Ringway on 1<sup>st</sup> April 2012.
15. In order to manage the procurement and subsequent mobilisation, robust Governance arrangements were established comprising a Project Board, a Project Team and various 'Workstream Leads', together with a joint Mobilisation Team. In all, the skills and expertise of over 60 people were required from across the County Council's Directorates during the procurement, with specialist external support where required. All resources were managed by the small Commercial Services Unit within BES.

16. Of particular note is the fact that despite the significant resource commitment required for HMC 2012 during its procurement and mobilisation, service delivery under the current Highways Maintenance Contract continued to perform well, and in addition all other procurement activity within BES was maintained without significant impact.

### **Children and Young Peoples Services (CYPS)**

#### Tender for the Provision of Support to the North Yorkshire Partnership, Advocacy, Co-Operation and Teamwork (NYPACT) Organisation

17. The Council had an informal arrangement in place to provide guidance, co-ordination and support to the North Yorkshire Partnership, Advocacy, Co-operation and Teamwork (NYPACT) organisation via a third party. NYPACT is a parent led organisation providing support to parents of children with special educational needs and disabilities.
18. To formalise this arrangement the Council tendered for a provider to support and develop the participation of these parents and to explore ways of sustaining the parent participation beyond the contract period. The aim has been to place NYPACT in a position where they may be able to sustain themselves in the event support funding is withdrawn from the Council at some future date.
19. Given the unusual relationship between the parties i.e. the Council appointing a provider to develop the necessary skills within the parent group, NPG advocated that it was imperative that the parent's group be involved in the procurement process from the outset. The purpose of this was twofold; to give the parent's a sense of ownership in appointing a provider with whom they would be working closely, and to avoid any misperception or suspicion of the role of the Council.
20. CYPS and NPG engaged collaboratively with 3 representatives from the Management Committee of NYPACT to allay any concerns they may have and ensure they understood the reason for a tender process and to convey that their input was vital and welcomed.
21. The NYPACT representatives were fully involved with all aspects of the tender process: the development of the workplan, adverts, specification, measures and outcomes. The representatives provided input, comments and approval of each aspect of the tender process including evaluation of the tender responses, attending supplier clarification meetings and full contract award.
22. A memorandum of understanding between the Council and NYPACT was developed and agreed by both parties to provide assurance to the parents of their independent status and clarity of the roles of each party.
23. The procurement was successfully concluded with full buy-in from NYPACT to the end result.

## Savings obtained from procurement exercises or contract management

P1 Compared to previous prices

P4 Contract management/eliminate increased costs

P2 Specification revision resulting in lower costs/prices

P5 Rebate income

P3 Volume discounts achieved by consolidating demand

P6 Compared to budget/estimated costs

\* Construction related savings whereby unknown costs can be introduced when work commences on site

		One Off	Ongoing		Full Year Effect of savings not in MTFS	Contract Duration	Basis of Calculation	Comments
			Part Year 2011/12	Full Year Effect				
<b>Procurement for 'ongoing' requirements</b>								
BES	IPT - Home to School Transport/Bus Service - Harrogate Area	£0	£62,500	£125,000	-	4	P1	Savings compared to previous prices for service delivery
BES	IPT - Home to School Transport/Bus Service - Hambleton and Richmondshire	£0	£25,000	£50,000	-	4	P1	Savings compared to previous prices for service delivery
BES	IPT - Home to School Transport only - Richmondshire	£0	£37,500	£75,000	-	4	P1	Savings compared to previous prices for service delivery
CEG	Agency Services Provision	£0	£76,700	£153,300	-	2 +1+1	P1	Market discount achieved through leverage of single (neutral) vendor approach. In general there are no specific "agency staff" budgets held by directorates - expenditure is ad-hoc. So the impact on this will be reduced pressures on staffing budgets, which will be reflected in the overall under/overspend analysis.
FCS	GSM Gateway	£0	£8,000	£8,000	-	2+1	P1	Calculated based on reduced unit rate. The spread and variability of usage means it will not be possible to remove this saving from budgets.
FCS	Insurance Premiums - Motor, Casualty, Engineering, Assault and Travel, Personal Accident, Property	£0	£4,000	£8,000	-	5	P1	Comparisons with last contract taking into consideration the changing environment of the Council
FCS	Insurance Broker Services	£0	£5,600	£5,600	-	5	P1	Reduced fees due to competitive tender process. Because of the complex recharge arrangements and the charge to schools etc the removal of budgets relating to this small saving is not practical or justified.
CYPS	Internet and Email services for schools	£0	-£230,000	£470,000	-	5	P1	There has been an increase in cost in the current year to transition to the new arrangements that will deliver significant recurring savings. This area is funded from the Dedicated Schools Grant and savings have already been allocated to schools and the MTFS.
CYPS	Maintenance and Provision of Outdoor Education Service minibuses	£0	£3,500	£3,500	-	5	P1	Traded service supported by Dedicated Schools Grant. Previous LA subsidy fully accounted for within MTFS savings.
CYPS	Provision of Labelling machines and labels	£0	£5,700	£5,700	-	3	P1	Over a three year period the introduction of these machines and labels is estimated to save approximately £17,000. The savings relate to a traded service for schools which is subsidised by the Dedicated Schools Grant. As such, the savings will not benefit the LEA budget.
		<b>£0</b>	<b>-£1,500</b>	<b>£904,100</b>	<b>£0</b>			

<b>Contract Management</b>								
CYPS	SEN Placements	£0	£55,400	£55,400	-	1	P4	Mitigation of 1.82% increase was permitted as part of NASS contract formula. SEN placements are funded by the Dedicated Schools Grant and can only be recycled for the benefit of schools.
FCS	Corporate mobile phone contract	£0	£67,000	£67,000	£55,000	Extension 18 months	P4	Negotiated new tariff pricing. Saving based on last years volume. Further saving to be made as the fleet of phones is reduced over time. Non traded element of £55k will be removed from budgets in 2012/13.
FCS	Corporate Stationery Contract	£0	£8,400	£24,300	£21,000	4	P4	Mitigated inflationary uplift through negotiation. A rate of 5% was taken for the uplift. Non traded element of £21k will be removed from budgets in 2012/13.
CYPS	Disposal of Nappies and Sanitary Products at Children's Homes, Resource Centres and Children's Centres	£0	£400	£1,400	£1,400	Various	P4	Negotiations with PHS have indicated that they are willing to adopt the YPO pricing for each establishment. Savings have been calculated from Jan 12.
HAS	Voluntary Sector contracts	£0	£226,000	£491,000	-	Individual Contracts	P2/P4	Price reductions on existing contracts, revised specifications and review of service requirements
HAS	Residential and Nursing - Contract Prices	£0	£652,000	£1,304,000	-	Individual Contracts	P4	Negotiated contract prices below the explicit assumptions on 'inflation'
HAS	Residential and Nursing - Placements	£0	£669,000	£1,338,000	-	Individual Contracts	P3	Demand management to reduce reliance on purchased residential care
HAS	Domiciliary Care	£0	£479,000	£746,000	-	Individual Contracts	P4	Negotiations with providers for revised rates inclusive of transport costs
HAS	Non-residential contracts	£0	£478,000	£955,000	-	Individual Contracts	P4	Negotiated contract prices below the explicit assumptions on 'inflation'
HAS	Learning & Disability Brokerage	£0	£446,000	£892,000	-	Individual Contracts	P4	Negotiations with providers to reduce cost of existing care packages
HAS	Carers Service Contracts	£0	£35,000	£71,000	-	Individual Contracts	P2	Contract reductions
		<b>£0</b>	<b>£3,116,200</b>	<b>£5,945,100</b>	<b>£77,400</b>			

Procurement for 'one off' requirements								
BES	Parking Meters	£10,000	£0	£0	-	N/A	<b>P2 and P6</b>	Rather than new, NYCC have acquired 12 second hand meters (approximately 3 - 4 years old). All have > 10 years residual life expectancy.
BES	Winter Damage works Package A19 Shipton and Tollerton	£115,000	£0	£0	-	N/A	<b>P6*</b>	Compared to the original works cost estimate prior to going out to a competitive tender.
BES	Winter Damage works Package A65 Skipton Bypass	£290,000	£0	£0	-	N/A	<b>P6*</b>	Compared to the original works cost estimate prior to going out to a competitive tender.
BES	Winter Damage works Package - Harrogate	£24,000	£0	£0	-	N/A	<b>P6*</b>	Compared to the original works cost estimate prior to going out to a competitive tender.
BES	Winter Damage works Package - Scarborough	-£440,000	£0	£0	-	N/A	<b>P6*</b>	Compared to the original works cost estimate prior to going out to a competitive tender.
BES	Settle Riverside Phase 2	£50,000	£0	£0	-	N/A	<b>P6*</b>	Compared to the original works cost estimate prior to going out to a competitive tender.
BES	Rosedale West (Bow Bridge)	-£3,000	£0	£0	-	N/A	<b>P6*</b>	Compared to the original works cost estimate prior to going out to a competitive tender. Outturn greater than original works estimate due to additional masonry and drainage work required.
BES	Fox Bridge	£9,400	£0	£0	-	N/A	<b>P6*</b>	Compared to the original works cost estimate prior to going out to a competitive tender. Savings achieved in material costs and time during the grouting part of the works
BES	Kex Gill A59	-£55,000	£0	£0	-	N/A	<b>P6*</b>	Compared to the original works cost estimate prior to going out to a competitive tender. Outturn greater than original works estimate due to additional work eg. safety fence repairs, retaining wall repairs and other misc carriageway works added to the scheme to take advantage of the road closure.
CYPS	Caedman - Science room refurbishment	£2,300	£0	£0	-	N/A	<b>P6</b>	Represents a 5.5% cost reduction through further competition.
CYPS	Whitby Community College - ICT Classroom refurbishment	£1,200	£0	£0	-	N/A	<b>P6</b>	Represents a 11.9% cost reduction through further competition.
CYPS	Settle College - Science Laboratory and Library refurbishment	£30,800	£0	£0	-	N/A	<b>P6</b>	Price improvement/adjustment due to supply chain management (analysis of all cost components)
		<b>£34,700</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>			

Grand Total

<b>£34,700</b>	<b>£3,114,700</b>	<b>£6,849,200</b>	<b>£77,400</b>
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Examples of good practice on sustainability and equality during 2011/12

Procurement	Sustainable Procurement (Section 7)		Equality In Procurement (Section 8)
	Sustaining the Local Economy	Environmental Sustainability	
<b>Highways Maintenance Contract (HMC 2012) - BES</b>		<p>A specific 'sustainability' Contract Performance Indicator (CPI) has been included within HMC 2012 to monitor achievement of carbon reduction targets.</p> <p>3 year rolling targets will be set following collation of accurate baseline during 2012/13.</p>	<p>As part of the procurement process, a contract specific Equality Impact Assessment (EIA) has been undertaken not only at PQQ stage, but also following contract award with the successful contractor, Ringway.</p> <p>The EIA has led to the inclusion of a specific 'accessibility' question as part of the 'highways NORTH YORKSHIRE' scheme feedback card – a pre paid postcard which is delivered to all properties affected by any works to assess public satisfaction of the works and the Contractor.</p>
<b>Civil Engineering Contractor's Framework (CECF) - BES</b>	<p>At the time of writing the CECF is in the final stages of procurement and being moderated, due to be established early summer 2012. The Framework has been split into different Lots covering:</p> <ul style="list-style-type: none"> <li>• different geographical areas of the County</li> <li>• different types of work (eg footbridges, masonry etc)</li> <li>• different value ranges eg &lt;£50k, £50k - £150k, £150k – £750k ,&gt; £750k</li> </ul>		

Procurement	Sustainable Procurement (Section 7)		Equality In Procurement (Section 8)
	Sustaining the Local Economy	Environmental Sustainability	
<b>Public Rights of Way - BES</b>	For the Structures & General Contracting Framework, the work has been split into different Lots covering geographical areas of the county and different types of work (e.g supply of timber, installation of gates & Stiles) allowing local firms to compete.	For the seasonal undergrowth contract, the specification and evaluation methodology aimed at maximising sustainability in undertaking seasonal vegetation clearance. Key factors are: <ul style="list-style-type: none"> <li>• Requirement to leave cut arisings on site to decompose naturally</li> <li>• Cutting height specified to avoid loss of ground cover</li> <li>• Clauses to prevent inappropriate disturbance of habitat</li> <li>• Evaluation of suppliers' use of fuel efficient plant and vehicles used to service the contract</li> </ul>	The Settle Riverside Scheme Phase 2 has resulted in the improvement and upgrading of a public footpath in Settle/Giggleswick, which has resulted in a major improvement in physical accessibility for all to the riverside amenity area. The contract delivered the following key items: <ul style="list-style-type: none"> <li>• Removal of physical barriers (Stiles and gates)</li> <li>• Upgrade of surface from narrow grass to wide sealed surface</li> <li>• Replacement of steps with a ramp</li> <li>• Upgrade of route status to allow access for cyclists as well as mobility vehicles.</li> </ul>
<b>School and Local Bus Transport Services - BES</b>	Review of school and local bus transport contracts in Ryedale/Craven and 3 Special schools <ul style="list-style-type: none"> <li>- different geographical areas of the County</li> <li>- different Contractor/Vehicle requirements varying in size ranging from 4-53 seat contracts</li> <li>- various contract durations and values</li> </ul>	Euro 5 vehicles specified for some contracts Sustainability clause in Contract Conditions.	EIA undertaken on Area Review process. Benefit to non car owners who may not be unable to access services, eg. disabled people, older people and those from lower socio-economic backgrounds. Consultation undertaken with key stakeholders in the community.

Procurement	Sustainable Procurement (Section 7)		Equality In Procurement (Section 8)
	Sustaining the Local Economy	Environmental Sustainability	
<b>School and Local Bus Transport Services - BES</b>			<p>Low floor vehicles are specified and infrastructure is undertaken on routes where possible to provide direct access to the vehicle eg raised bus kerbs.</p> <p>Contractual requirement for contractors to meet Equalities legislation.</p> <p>Procuring of specially adapted vehicles and specialist equipment eg. restraint or seating and employment of medically trained passenger assistants</p>
<b>Purchase of Vehicles - BES</b>	Purchase of vehicles for Council use through the Council's previously tendered and agreed framework	<p>Low emission/fuel efficient vehicles purchased</p> <p>Sustainability questions in PQQ prior to framework award</p>	<p>Specifications put together from information gathered by the user departments. Purchase made to meet the individual needs of the users, eg. minor adaptations were necessary to seating or automatic transmission</p> <p>Tail lift and adapted vehicle purchase for those to be transported in wheelchair situ, the elderly, infirm or disabled clients.</p>
<b>Human Resources/Payroll System - CEG</b>			<p>The ITT included two specific equalities questions on accessibility which were:</p> <p>Please provide evidence to show how your organisation complies with Government standards for electronic information eg the e-Government Interoperability Framework.</p>
<b>Human</b>			Please provide details as to how your

Procurement	Sustainable Procurement (Section 7)		Equality In Procurement (Section 8)
	Sustaining the Local Economy	Environmental Sustainability	
Resources/Payroll System - CEG (cont)			<p>organisations proposed system meets the guidelines set out by the Web Accessibility Initiative (WAI) and the World Wide Web Consortium (W3C) WCAG 2.0 AA standard.</p> <p>In addition, the specification for the system was drafted to assist the visually impaired in the operation of the software. In particular, the MyView functionality of the chosen software enables access to the system for visually impaired users.</p>
Libraries - CEG			<p><u>Communicate in Print</u></p> <p>This is a new software package procured by Libraries which uses symbols to facilitate communication thereby making it easier for people with disabilities to use library facilities.</p> <p><u>Large Print &amp; Audio Books</u></p> <p>Libraries regularly procure large print and audio books for those with visual impairments. Large books are free for all to use and audio books are free for all those with a need for them. To further encourage their use for the visually impaired community and others audio books are procured in multiple formats including cassette, CD and audio download.</p>
Libraries – CEG			<u>Book stock</u>

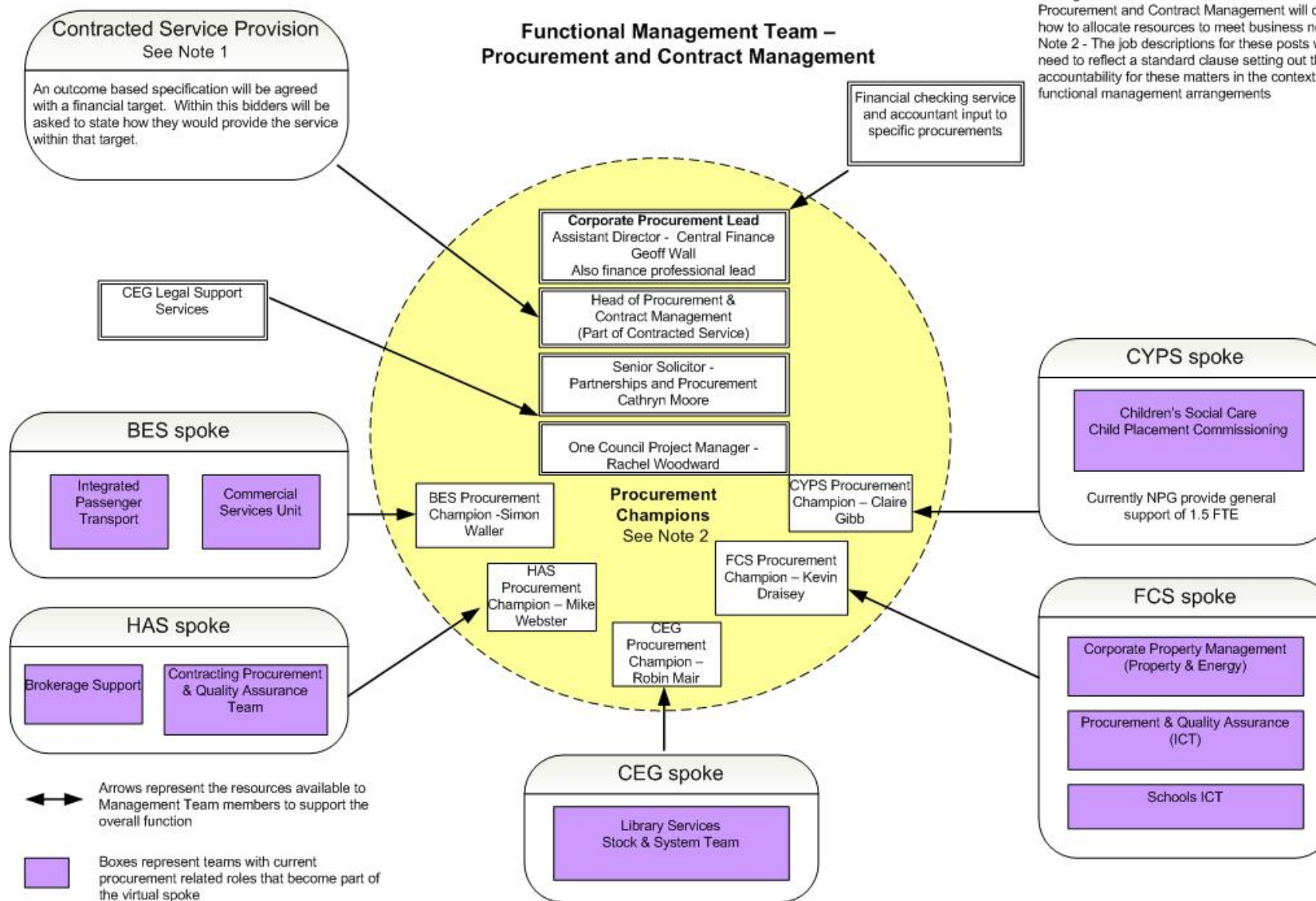


Procurement	Sustainable Procurement (Section 7)		Equality In Procurement (Section 8)
	Sustaining the Local Economy	Environmental Sustainability	
(cont)			<p>Libraries regularly procure book stock specifically for minority groups, for example a wide range of gay and lesbian books as well as books and picture books in a variety of languages including Urdu and Polish.</p> <p><u>Dolphin Software</u> Libraries have recently renewed their subscription to Dolphin software which is an adaptive software that can enlarge print and provide a voice synthesiser to enable members of the community with visual impairments and those with dyslexia greater access to the written word.</p> <p><u>Libraries Online</u> To facilitate greater access to library stock for those who are unable to access their local library, as a result of age, disability or other reasons, many books are also not procured in electronic format allowing them to be downloaded and enjoyed without the need to physically visit the library.</p>
<b>Flying High to See the Way - CYPS</b>			Aimed at supporting young people with SEND (Special Education Needs &

Procurement	Sustainable Procurement (Section 7)		Equality In Procurement (Section 8)
	Sustaining the Local Economy	Environmental Sustainability	
			<p>Disabilities) to have more influence over their lives wherever feasible to develop their skills in organising their own mini breaks as far as possible.</p> <p>Approval was obtained to retain Barnardo's on the understanding that Barnardo's involved the young people in assisting to re-draft the specification in order to capture those aspects which were important to the very people this initiative is attempting to support.</p>
<b>Tender for the Provision of Support to the North Yorkshire Partnership, Advocacy, Co-Operation and Teamwork (NYPACT) Organisation - CYPS</b>			<p>CYPS and NPG engaged collaboratively with 3 representatives from the Management Committee of NYPACT to ensure all aspects of Equality &amp; Diversity were fully addressed.</p>
<b>Upgrade of Energy Management System – FCS</b>		<p>Criteria relating to the removal and disposal of equipment as well as KPIs relating to environmental performance.</p>	
<b>Adult Social Care Provider Lists - HAS</b>	<p>Within the financial year Health &amp; Adult Services (HAS) has seen the renewal of its two existing approved provider list</p>		<p>The application and contract documentation has been amended to take into account the revised Equalities</p>

Procurement	Sustainable Procurement (Section 7)		Equality In Procurement (Section 8)
	Sustaining the Local Economy	Environmental Sustainability	
	<p>arrangements for both Residential and Nursing Homes and Domiciliary Care Providers. In addition to these lists a new Non-Regulated Services list has been created. These lists assess the suitability of independent and Voluntary, Community and Socio-Economic (VCSE) Organisations that wish to provide services on behalf of HAS. With 488 Approved Providers on the Residential and Nursing Homes list and 129 Approved providers on the Domiciliary Care Provider List the number of providers continues to increase.</p>		<p>legislative requirements in accordance with the Act. The recent “Close to Home” report is requiring HAS to re-assess how its statutory requirements regarding Human Rights and Equalities are met by its providers.</p>
<p><b>Fee Negotiations with the Independent and Voluntary Sector - HAS</b></p>			<p>HAS remains committed to meeting its equality requirements, continually completing Equality Impact Assessments (EIA), where change in policy, practice or service may adversely impact equality groups. A recent noteworthy EIA was, “Fees Negotiation with the Independent and Voluntary Sector”. This EIA assessed the impact of care home fees, domcare payments and voluntary sector block contract payments.” It should be noted that the negotiations evidenced over £700,000 of savings.</p>

### SCHEMATIC FOR PROCUREMENT & CONTRACT MANAGEMENT



Note 1 – This is a flexible resource. The Functional Management Team in liaison with the Head of Procurement and Contract Management will decide how to allocate resources to meet business needs.  
Note 2 - The job descriptions for these posts will need to reflect a standard clause setting out their accountability for these matters in the context of the functional management arrangements