

Eden District Council

Resources Portfolio

13 May 2022

## Annual Review of Procurement Strategy

<b>Portfolio:</b>	Resources Portfolio
<b>Report from:</b>	Assistant Director Finance & HR
<b>Wards:</b>	All Wards
<b>OPEN PUBLIC ITEM</b>	

### 1 Purpose

1.1 To present the Council's Procurement Strategy for approval.

### 2 Recommendation

It is recommended that the appended Procurement Strategy 2022 be approved.

### 3 Report Details

- 3.1 The proposed Procurement Strategy 2022 is attached to this report as Appendix 1.
- 3.2 The practice of the Council is to seek approval of annual updates to the Council's Procurement Strategy from the Resources Portfolio Holder.
- 3.3 The Procurement Strategy was last updated in 2018.
- 3.4 No major changes are proposed to that strategy, however it has been updated to take into account current legislation, changes in staffing, Brexit and Local Government Re-organisation.

### 4 Policy Framework

- 4.1 The Council has four corporate priorities which are:
- Sustainable;
  - Healthy, safe and secure;
  - Connected; and
  - Creative

4.2 This report meets the Sustainable corporate priority

### 5 Consultation

5.1 As an update to the previous strategy, no consultation has taken place.

## 6 Implications

### 6.1 Financial and Resources

6.1.1 Any decision to reduce or increase resources or alternatively increase income must be made within the context of the Council's stated priorities, as set out in its Council Plan 2019-2023 as agreed at Council on 7 November 2019.

6.1.2 There are no direct proposals in this report that would reduce or increase resources, however, adherence to the Procurement Strategy should result in effective procurement, resulting in control or reduction of costs for the Council

### 6.2 Legal

6.2.1 Advice on the policy was sought from our Procurement Advisors, Cirrus Purchasing Ltd who have provided advice on current procurement legislation.

### 6.3 Human Resources

6.3.1 There are no Human Resources implications arising out of the proposal.

### 6.4 Environmental

6.4.1 The procurement Strategy, section 5.6, sets out how the Council's procurement activities will support the Sustainability strategic priority. There are no direct effects on carbon emissions and ecosystems.

### 6.5 Statutory Considerations

<b>Consideration:</b>	<b>Details of any implications and proposed measures to address:</b>
Equality and Diversity	Equality and Diversity is addressed by the Procurement Principles in the Strategy with a equality and diversity assessment undertaken. The Assessment has concluded that the policy is robust and the evidence shows no potential for discrimination
Health, Social Environmental and Economic Impact	There are no Health, Social, Environmental and Economic impacts.
Crime and Disorder	There are no crime and disorder impacts.
Children and Safeguarding	There are no children and safe guarding implications

### 6.6 Risk Management

<b>Risk</b>	<b>Consequence</b>	<b>Controls Required</b>
Risk that the Council does not comply with government requirements	Risk of legal challenge	Adoption of a formal procurement strategy
Risk that the Council implements an approach to	Procurement that does not provide good value and loses out on	Adoption of a formal procurement strategy

<b>Risk</b>	<b>Consequence</b>	<b>Controls Required</b>
procurement that does not provide good value and procurement efficiencies	potential procurement efficiencies and added value.	

## **7 Other Options Considered**

7.1 No alternatives considered.

## **8 Reasons for the Decision/Recommendation**

8.1 Effective procurement is important in a sound system of corporate governance. This Procurement Strategy sets out clearly the procedures and steps that the Council should take.

### **Tracking Information**

<b>Governance Check</b>	<b>Date Considered</b>
<b>Chief Finance Officer (or Deputy)</b>	4 May 2022 (author)
<b>Monitoring Officer (or Deputy)</b>	4 May 2022

**Background Papers:** None

**Appendices:** Appendix 1 – Procurement Strategy 2022

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# **Procurement Strategy**

## **2022**

Next Update Due: April 2023  
Updated: Annually  
Responsible Officer: Assistant Director Finance & HR

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### Urdu

اس دستاویز میں شامل معلومات کا خلاصہ درخواست کیے جانے پر مختلف زبانوں اور فارمیٹوں (شکلوں) میں دستیاب ہے۔ ایڈن ڈسٹرکٹ کاؤنسل کے افسر برائے مواصلات سے فون نمبر 01768817817 پر رابطہ کریں یا [communication@eden.gov.uk](mailto:communication@eden.gov.uk) پر ای میل کریں۔

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Appendix 1: Decision Making Flowchart

## 1. Executive Summary

- 1.1 Procurement concerns the acquisition of all goods, works and services. It relates to all expenditure by the Council, with the exception only of staff costs, benefit payments and grants. The aim of this Procurement Strategy is to set a clear framework for procurement throughout the Council which reflects the Council's Corporate Plan, provides a framework for securing value for money and which stands alongside the Council's Accounting and Audit Rules and Procurement Rules. It also sets out an action plan for achieving the corporate approach to procurement.
- 1.2 In considering the Council's corporate priorities, strategic actions and values, the following procurement objectives have been set:
- to ensure that the procurement process is clear and focused in the first instance on achieving value for money;
  - to ensure that the procurement options are chosen on the basis of the degree to which they fulfil the Council's corporate priorities and those of specific services;
  - to be pragmatic in procuring services so that service delivery to customers is optimised;
  - to prioritise, where possible, the policy of "Buy Eden First" (i.e. procuring locally where possible and keeping economic value within the Council's area of operation); and
  - to ensure contracts implemented are sustainable for the Council.
- 1.3 To ensure that these objectives are met:
- procurement arrangements within the Council are reviewed annually by Management Team and the Member Procurement Champion (Resources Portfolio Holder, Councillor Karen Greenwood);
  - there are comprehensive Accounting and Audit Rules, Procurement Rules and Procurement Procedures in place;
  - template procurement documentation is available (for quotations and lower value invitations to tender);
  - comprehensive Procurement Guidance has been produced for staff and made available to key stakeholder and suppliers;
  - training on the Procurement Rules and Procedures has been provided;
  - in pursuing the Council's economic policies, consideration is taken of the contribution that effective procurement can make to achieving these policies; and
  - a small procurement team has been created within the Council to support relevant officers with procurement requirements and provide a centralised overview of all procurement being conducted by the Council.

## **2. Introduction**

- 2.1 Procurement is the process of obtaining supplies, services and construction works. At the point of procurement, it is important to take into account the lifecycle of the asset or service contract. 'Lifecycle' is defined as being from the initial definition of the business need, through to the end of the useful life of the asset or service contract. Procurement excludes staff costs and transfer payments, such as benefits and grants.
- 2.2 The term 'procurement' has a far broader meaning than that of purchasing or buying. It is about securing services and products that best meet the needs of the users and the local community in its widest sense and furthers the Council's objectives. This Procurement Strategy provides a common framework within which all procurements by the Council are to be managed.
- 2.3 The Council will achieve the best value for money through procurement by:
- adopting the lifecycle approach to assets and contracts;
  - applying effective and up-to-date procurement procedures;
  - collaborating with other contracting authorities, shared services and/or professional buying consortia where relevant to best use resources and achieve efficiencies; and
  - ensuring procurement helps deliver the Council's key corporate priorities.
- 2.4 The Procurement Strategy will support national policy drivers, such as:
- the National Procurement Strategy 2018;
  - Part 4 of the Public Contracts Regulations 2015;
  - the Localism Act 2011 and Public Services (Social Value) Act 2012; and
  - the National Procurement Policy Statement (June 2021)
- 2.5 The UK Government are in the process of drafting new procurement legislation following the end of the Brexit transition period. Once the new legislation has been published the Council will review their key procurement documentation including this strategy, the Procurement Rules and Procurement Procedures documents and amend accordingly. Communication and training will then be put in place as necessary for the Council's staff

### **Background**

- 2.6 Procurement is seen by the Government as one of the main means of achieving efficiencies and reducing expenditure. It is important that the Council understands the role that procurement can play in all aspects of the Council's work.
- 2.7 Procurement is devolved to Senior Managers and it is their responsibility to follow the Procurement Procedures and Rules. This Procurement Strategy sets out how such devolved procurement delivers the Council's objectives.
- 2.8 A small procurement team has been created within the Council to support relevant officers with procurement requirements and provide a centralised overview of all procurement being conducted by the Council. In addition, there is external advice available on an adhoc basis from a procurement consultancy.

- 2.9 The purpose of this Procurement Strategy is to communicate clearly to all stakeholders, including the public and suppliers, but most importantly those staff involved in the procurement process, how the Council ensures that the procurement of services, supplies and works, furthers its objectives.
- 2.10 This Procurement Strategy will be available to key stakeholders and suppliers. Comments and views are welcomed so that the Council can further develop the Strategy in the future.
- 2.11 This Procurement Strategy is reviewed on an annual basis by:
- seeking comments on current practice and suggestions for improvement from officers involved in the procurement process, all stakeholders, including elected Members, suppliers, external consultants (if required) and the public; and
  - consultation with the Management Team and the Member Procurement Champion, who is the Resources Portfolio Holder.

The Assistant Director Finance & HR has a corporate overview of procurement and in particular a responsibility to ensure that the Procurement Strategy is kept updated.

- 2.12 The Definitions that apply to this strategy can be found within the Procurement Rules (in the Council's Constitution).

### 3. Current Arrangements

- 3.1 Procurement of services, goods and assets is regulated by Procurement Rules, the Procurement Procedures and Accounting and Audit Rules.
- 3.2 A considerable part of the Council's procurement is undertaken through the blue collar contracts with Urbaser. This is governed by the agreed contracts which were renewed with effect from 1 April 2012 and which were extended in 2021 until the end of March 2027. The core work is billed as a standard monthly amount. Ad hoc work is ordered by the Client Team. These contracts should be used where possible to reduce the need to procure (providing the work falls under the original procured scope).
- 3.3 Procurement is devolved to individual budget holders who place orders (within the budget limits set). Most day-to-day purchases are made through the TotalMobile creditors' system, which produces and creates an accounting commitment. A limited number of officers are authorised to use a Government Procurement Card where this is a beneficial method of procurement. This is restricted to selected staff. Support with procurement can be offered by contacting the Assistant Contracts Manager.
- 3.4 Certain contracts are procured centrally; the relevant sections are shown below:

<b>Classification</b>	<b>Lead Department</b>
Advertising (including recruitment)	Human Resources
Computer supplies (hardware and software), Mobile Telephones	Shared IT Services
Insurance Services, Public Transport, Office Supplies	Financial Services
Legal Services	Legal Services
Printing	Customer Services
Blue Collar Services	Property and Contracts
Recycling Services	Property and Contracts

Leisure Management Services	Leisure and Communities
Office Furniture	Property and Contracts
Health and Safety	Technical Services

- 3.5 The Council is involved in an arrangement with the other five district councils in Cumbria, the County Council, Cumbria Police and Crime Commissioner, Cumbria Primary Care Trust and the Lake District National Park Authority, collectively known as 'Effective Procurement in Cumbria' (EPIc). EPIc's main objectives are to encourage collaboration, increase supplier engagement and produce procurement efficiencies throughout the County. If you think contacting EPIc may be useful, please contact the Procurement Team who can discuss this with you.
- 3.6 The Council awarded long term contracts for Blue Collar (from April 2012), Leisure Management (from April 2012) and Recycling Services (from July 2012). These were originally for a ten year period (until 2022) with an option to extend for an additional 5 year period (until 2027). The extensions were implemented in 2021 for all contracts resulting in an expiry date of 2027. The total is circa £3m per annum.
- 3.7 The Council's revenue procurement budget for 2022-2023 is approximately £7.2 m. Most of this is sourced by formal contracts for blue collar services and recycling via Urbaser. When these contracts are re-let, there may be the opportunity for major procurement savings, however, significant savings can still be found within other smaller contracts. The Procurement Rules and Procurement Procedures documents set out the ways in which procurements must be ran to ensure value for money.
- 3.8 The Council's Capital Programme varies substantially from year to year. Given its small level, one or two major projects within the Programme tend to account for the substantial majority of capital spend. Of a total Programme over the next four years of some £10.2m, only £2.8m is for procurement expenditure. The vast part of the Programme is already committed, or to do with schemes already determined, or grants to third parties.

### **What are Our Strengths?**

- 3.9 Whilst there are a number of areas for improvement, the Council's current method of procurement has many strengths:
- major procurements are managed as discrete projects, with project management arrangements tailored to each project. Specialist support is bought-in where required from procurement and/or specialist consultancies;
  - use is made of Cumbria County Council, Strategic and Commercial Procurement (the County Council's central purchasing function);
  - procurement is devolved to a low level, helping to ensure that procurement is driven by the needs of the service;
  - the Council is open-minded about the way services are procured and there are examples of most major methods:
    - ▷ in-house;
    - ▷ shared in-house, for example, IT Services;

- ▷ national buying consortia (frameworks);
  - ▷ contracted, for example, refuse collection;
  - ▷ procured jointly, for example, internal audit services;
  - ▷ procured from another local authority, for example, car park enforcement;
  - ▷ part in-house, part buy-in, for example, internal audit.
- payment of 90% of creditors via BACS;
  - use of Government Procurement cards;
  - the Council's rules on procurement are set up in one place (Procurement Rules) and are supported by a detailed Procedures document for staff to follow;
  - the Council is a formal member of EPiC; and
  - the Council requires procurement to be undertaken in a way that ensures sustainable contracts are awarded (i.e. taking into account the lifecycle cost of the contract). This may mean the upfront or overall costs of the contract are higher, but the long term gains for the Council outweigh this cost.

#### **4. e-Procurement**

- 4.1 e-Procurement is doing business electronically. The benefits of e-Procurement include:
- delivering savings through streamlining the internal procurement procedures and processes;
  - providing a framework to ease the ordering of goods, services and works whilst maintaining compliance with legislation; and
  - improving services.
- 4.2 The Council currently uses Procontract (The Chest) as its preferred method of letting contracts. The system allows staff to comply with both external and internal procurement rules and offers an audit trail for all procurement processes conducted through it. The system is now the Council's main method of seeking quotations and tenders. This is formally stated in the Procurement Rules and enforced in guidance.
- 4.3 The Council already uses electronic means to improve its business efficiency:
- almost all suppliers are paid by BACS (electronic bank payment);
  - key purchasing officers use a corporate procurement card;
  - electronic tendering;
  - electronic remittance advices; and
  - electronic ordering and invoicing has been introduced from December 2012. The number of suppliers using electronic means is increasing. Staff request that suppliers use this when orders and payments are made.

#### **5. Procurement Policy**

- 5.1 Procurement should further the Council's overall objectives. Whilst an essential ingredient of securing value for money, it is also important that procurement decisions

are taken in light of the broader objectives which the Council is seeking to achieve. For a public body, effective procurement should include social and community benefits, as well as financial considerations.

- 5.2 The importance of price compared to quality will vary substantially depending on what is being purchased. The Procurement Rules and the Procurement Procedures documents advise how price and non-price factors can fairly and properly be dealt with.
- 5.3 To understand the community benefits the Council is seeking to achieve, it is necessary to consider the Council's corporate priorities. The Council supports a "Buy Eden First" strategy. This means that sourcing its supplies and services from local contractors and suppliers should be prioritised where possible. This strategy is encouraged within the Procurement Rules and Procurement Procedures documentation.
- 5.4 The Council has four corporate priorities, supported by twenty one strategic actions. The Council's overall aim is to:

<b>Corporate Priorities</b>	
<b>Sustainable</b>	Making the Council financially viable, customer focussed and zero carbon
<b>Healthy, safe and secure</b>	Improving housing, working towards self-sufficiency in energy and co-producing healthy, connected prosperous communities
<b>Connected</b>	Improving digital connectivity, transport and access
<b>Creative</b>	Supporting businesses to respond to national and global changes and encouraging innovation

### **Corporate Procurement Policy**

- 5.5 To ensure that value for money is obtained and recognising the requirements of the above statements, the following policy has been developed:
  - **Vision**

To obtain Best Value through planned and skilful procurement in respect of all goods, works and services sought by the Council.
  - **Procurement Principles**

Procurement principles have been established that aim to support the Council's priorities. These are summarised below:

    - ▷ **Management and Control of Contracts**

Arrangements shall ensure that all contracts are adequately managed and monitored with a view to achieving completion of service delivery on time, within budget and in accordance with the specification.

▷ **Assessing and Minimising Risk**

The risks associated with all procurement shall be assessed and minimised accordingly prior to going to market. Where the Council considers a contract to be critical to the business a corporate resolution plan may be required to ensure the Council is prepared from any risk to the continuity of service delivery

▷ **Trained and Experienced Staff Resources**

Staff engaged in procurement and contract management shall be suitably experienced and trained for the purpose.

The Council will regularly benchmark themselves against similar, comparable organisations to assess their procurement capabilities and progression.

▷ **Social and Economic Well-Being**

All procurements shall consider the impact of the social and economic well-being of the District and, in particular, ensure that, wherever possible, the Council's procurement supports the local economy. The Council signed up to the Small Business-Friendly Concordat in 2005 and the Public Services (Social Value) Act 2012 may apply to higher value procurements for services.

In addition, the Council is committed to providing social value in line with the Government's National Procurement Policy Statement. Therefore, all procurements will also consider the following 3 national priorities alongside local priorities:

- ▷ Creating new businesses, new jobs and new skills;
- ▷ Tackling climate change and reducing waste, and
- ▷ Improving supplier diversity, innovation and resilience

▷ **Partnership and Partnering**

The Council recognises the importance of partnerships for effective service delivery and has made a range of procurements in partnership with one or more partners. This includes partners from both the voluntary and community sectors, as well as the private sector.

▷ **The 'Make or Buy' Decision**

One of the most difficult procurement decisions is often whether to buy-in a service, or provide it directly through the Council's own staff. For several years the Council has had guidance on how to make this decision and this is set out in Appendix 1. A variant on make or buy is procuring by using shared services. The Council will consider any proposed shared service arrangements individually..

▷ **Management of Major Projects**

Given the size of the Council, major projects present particular challenges. 'Major' projects are difficult to define precisely but have included the blue collar tendering and Penrith New Squares. All major projects will have their project

management arrangements reviewed by the Management Team. All major procurement shall have due regard to social, economic and environmental issues and early decisions shall be taken to ensure that projects are packaged so as to encourage delivery in the most efficient manner and achieve what end users want and can afford.

▷ **High Professional Standards and Best Practice**

All procurement procedures shall be operated in a professional manner ensuring the highest standards of transparency, probity and accountability.

▷ **Continuous Improvement**

Where contracts are going to run for a number of years, the contract should be sufficiently flexible to provide for continuous improvement throughout the period of the contract. The procurement process should always consider changes and improvements that could be made over the contract lifetime.

Where appropriate, Key Performance Indicators (KPIs) should be incorporated into contracts and monitored throughout the contract duration. KPIs should be relevant, and proportionate to the size and complexity of the contract.

▷ **Workforce Matters**

Any procurement that potentially involves the transfer of staff who are currently employed by the Council shall, as far as legally possible, fully protect the future terms and conditions of employment of such staff so that they continue to enjoy the good employment practices of the Council, insofar as the Council is legally able to do so. The Council must ensure that, when dealing with staff transfers, Transfer of Undertakings (Protection of Employment) (TUPE) will be complied with.

▷ **Equality and Diversity**

As a major procurer of goods and services in the area, the Council will endeavour to ensure that the suppliers and contractors with which it conducts business comply with the requirements of the Equality Act 2010 and have the same values and principles and approach to equality and diversity as the Council. The Council will take all reasonable steps to avoid conducting business with suppliers who discriminate against members of society for any reason, or do not comply with current legislation relating to equality. The Council's Equality Impact Assessment for this Strategy is attached at Appendix 2.

## 5.6 **The Environment and Sustainability**

The Council has adopted a Zero Carbon Eden strategy and has declared a Climate and Ecological Emergency. The Council's procurement activities impact on the environment and it is important that this strategy is considered when conducting procurement. Sustainability issues should be considered fully when specifying goods, works and services as part of the procurement process. The main aims when considering sustainability in procurement are:

- to seek alternatives to products and processes which are detrimental to the environment by using more environmentally friendly products and processes (this

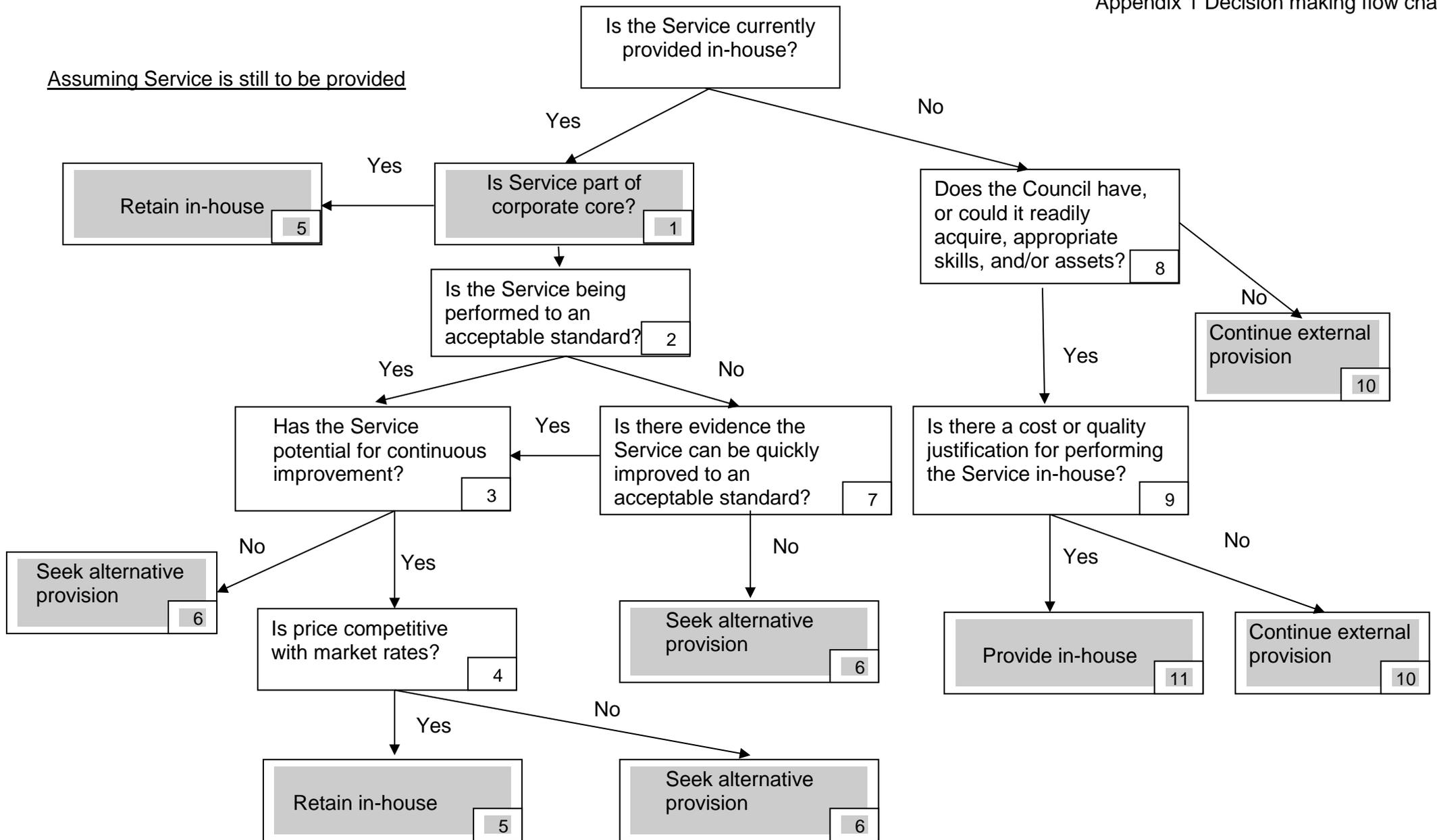
could include engaging with the market and/or other local Public Sector organisations, before conducting a procurement process to ensure you are familiar with what is available to support this aim);

- to review the lifecycle environmental cost of the assets, services or works to be procured (it may be that environmentally friendly products cost more upfront but the Council is willing to invest to achieve the Zero Carbon Eden strategy);
- to only purchase supplies when necessary and minimise waste, including any packaging, or waste produced as a by-product of the goods or service, and waste generated by the eventual disposal of the product;
- to maximise the reuse and recycling of materials;
- to minimise the consumption of non-replaceable natural resources by reviewing current and proposed future usage and evaluating the pros and cons of alternatives;
- to stimulate demand for environmentally friendly products by considering the environmental performance of all suppliers and encouraging them to conduct their operations in an environmentally sensitive manner;
- to ensure work is not awarded (where possible) to suppliers that have processes in place that may result in the degradation of the natural environment and biodiversity, and ensure work is awarded to suppliers that actively offer assets/services that could safeguard and improve of the natural environment;
- to procure locally where possible (Buy Eden First) to ensure the pound remains within the local area;
- to increase the opportunities for Small and Medium Enterprises (SMEs) and Voluntary, Community and Social Enterprises (VCSEs)
- to increase the opportunities for innovation within the supply chain
- to incorporate social value investment into supplier contracts that will be beneficial to the local area; and
- to comply with all environmental/sustainability stipulations of resources and funding that has been offered by the UK Government (or other environmental body).

## **6. Review, Update and Publicity**

- 6.1 It is important that this Procurement Strategy does not become just an historic document. To ensure it is a major vehicle for the improvement of procurement it should be reviewed in line with point 2.11 above.
- 6.2 The approved Procurement Strategy will be published both on the Council's website and SharePoint under Corporate Centre\Documents\Procurement. After each update, this will be highlighted on the Corporate Bulletin Board.

Assuming Service is still to be provided



NB: The numbers at the bottom right refer to explanatory notes shown overleaf

## Notes

### 1. **Is the service part of the corporate core?**

The corporate core of the Council is that part which enables it to undertake its key activities, such as determination of policy. It is not possible to answer this question in a black and white way and some judgement is called for. However, it will be apparent in most cases which services are part of the corporate core and which are not. Most front-line services are unlikely to be in the corporate core. The issue is not as clear-cut in relation to some support services where, due to the small numbers of staff involved, some staff might be involved in some corporate core activities (for example, attending at committee meetings) but also providing some straightforward support services to front-line services. It is also considered that an effective corporate core includes a strong and expert client for those services already contracted out. The corporate core for Eden may be larger, in proportionate terms, than for many other councils. If the Council's staff shrinks beyond a 'critical mass', it may have problems retaining and recruiting staff.

### 2. **Is the service being performed to an acceptable standard?**

This should be judged against a range of indicators, including measures of customer satisfaction, performance comparison with similar authorities and the private sector if possible. In comparing against other local authorities, particular attention should be paid to the upper quartile benchmark for performance. Standards against which the services are judged are preferably ones that have been set down in advance and ones that the service is currently being monitored against.

### 3. **Has the service got potential for continuous improvement?**

All services of the Council should be capable of improving. There must be evidence that there is the potential for improvement. This may not necessarily be in all areas. For example, it may be that there is no scope for reducing costs, but some qualitative aspects of the service can be improved. This might, for example, include evidence of historic improvement.

### 4. **Is the price competitive with market rates?**

Some indication of market rates should be obtained. This can be done informally by looking at the service costs of local authorities whose services are externalised for a particular function (it might also be wise to include a comparison with the costs of authorities doing that function in-house), or it could be done more formally by asking for prices from private suppliers (though such suppliers might be reluctant to supply such pricing information if they think there is no realistic chance of a service being awarded out-of-house) or by seeking benchmarking services from an appropriate consultant. In comparing the internal cost to the external cost, a judgement will have to be made on how far internal overheads should feature in the comparison. Obviously, all the marginal costs of providing a service should be compared to the cost of market provision. However, overheads should only be added to the extent that they will be saveable over the life of any envisaged contract.

So, for example, where a very small contract is considered, say, payroll (where less than one full time person provides the service), it might be quite legitimate to remove the cost of accommodation in the price comparison. However, in considering a larger service, accommodation might be a legitimate inclusion in the cost comparison because there could realistically be a chance of saving this cost to the Council by disposing of part of a property, renting it out, or enabling the Council to move to smaller premises. It is suggested that, in making such a comparison, advice should be sought from the Department of Finance.

## **5. Retaining the service in-house**

If the service is to be provided in-house, it is important that monitoring of the performance and cost is just as rigorous as it would have been if the service had been externalised.

## **6. Seeking alternative provision**

There are a number of alternatives to in-house supply, the main ones being:

- joint provision with another authority (perhaps most appropriate where there is no ready market): it is noted that the size of the Council makes it very unlikely that it, itself, could create a market from scratch;
- joint commissioning with another public sector body; and
- externalisation: this could either be done as a traditional tendering exercise, or could be done in partnership, probably through a negotiated approach (as long as this is consistent with procurement regulations). This should be pursued without any in-house bid (going through the previous stage will have given adequate chance for in-house provision to be justified). The presence of an in-house bid is likely to deter contractors from bidding. In the event of an external bid winning against an in-house bid, this may well create tensions between transferred staff and the contractor that could have been avoided if a transfer was progressed from the outset.

Whilst communication with staff is important, it becomes especially important if it appears that in-house service provision will cease. Both the Council's Principal Human Resources Officer and the appropriate Trade Unions should be involved at the earliest stage. TUPE considerations will need to be clearly addressed.

The decision to outsource service provision will require a different range of expertise. For smaller contracts, this expertise may be available in-house, in particular, from the Property and Contracts Section in relation to contracts, and to the Department of Finance in relation to financial issues. In larger externalisations, external advice might be needed. In any event, the decision to externalise service provision will need to be fully discussed at an early stage at Management Team. The length of contract to be entered into will vary according to circumstances.

**7. Is there evidence that the service can be quickly improved to an acceptable standard?**

There needs to be hard evidence that improvements can be made in the short term. This would preferably form an action plan. It may be that a short term improvement target is given and, if this is not attained, the Council goes down the route of seeking alternative service provision.

**8. Does the Council have, or could it readily acquire, appropriate skills and/or relevant assets to perform the service?**

Where a service is relatively simple and does not require any particular assets, it may well be feasible for the service to be provided in-house. However, any decision should only be made after a full review of the advantages and disadvantages of bringing a service in-house. Where specialist skills are necessary and where there is considerable asset usage, it is questionable whether it would be feasible for the Council to do this work in-house.

**9. Is there a cost or quality justification for performing the service in-house?**

In relation to costing, the same points apply as in Note 4. There has to be very clear evidence, in particular, that the Council will be able to achieve a level of performance at least as good as that of the external provider.

**10. Continue external provision**

How the Council procures goods and services from third parties is governed by the Procurement Rules. These ensure that there is full competition in accordance with UK legislation. These Procurement Rules are reviewed annually to ensure that they remain relevant and up-to-date.

**11. Provide in-house**

It is important that monitoring is undertaken to ensure that the service is provided within the cost and performance level that were the justification for bringing the service in-house. TUPE considerations may apply.