

MUNICIPAL YEAR 2015/2016 REPORT NO.

25th January 2016

REPORT OF:

Director of Finance,
Resources and
Customer Services

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Agenda – Part: One

Item: *KD 2262/U194*

Subject: Confirmation of the appointment of Ernst & Young for the supply of services to support the delivery, transformation and leadership of a council wide procurement and commissioning hub.

Cabinet Member consulted: Cllr Stafford

1. EXECUTIVE SUMMARY

- 1.1 The Council does not have centralised procurement and commissioning function. Procurement, commissioning and market management are undertaken in various locations across the council and roles and responsibilities across these teams are not consistent. From 1st February 2016, as part of the agreed Enfield 2017 Programme, these staff will be centralized into a single team. [A key part of this process will be to ensure that all procurement and commissioning staff benefit from the associated skills transfer within such an arrangement, before any recruitment and selection process to a revised structure is undertaken during 2016 following the award of a long-term procurement and commissioning co-source contract which will occur in Spring 2016]
- 1.2 On 18th November, Cabinet agreed the proposal to award a contract (“Contract”) for the interim leadership of a council-wide procurement and commissioning function until at least the 31st March 2016 and delegated this award to the Cabinet Member for Finance and Efficiency and the Director FRCS.
- 1.3 Following a mini-tendering exercise across the national Consultancy One Framework (“Framework”), a proposal from Ernst & Young (“EY”) was confirmed as being the most appropriate by the evaluation panel of Director of Environment and Regeneration, the Director Finance, Resources and Customer Services and the AD Finance and Business Support.
- 1.4 This report recommends the award of the Contract to EY for the interim period from 19th November 2015 – 31st March 2016 (with the option to extend for three further months at the Council’s discretion, as per the tender documentation).

2. RECOMMENDATIONS

- 2.1 Approve award of the Contract to EY.
- 2.2 Note that the value of the contract and its construction is commercially sensitive until completion of the long term co-source arrangement approved by Cabinet on 18th November 2015

3. BACKGROUND

- 3.1 As part of the Enfield 2017 transformation programme, the Council decided to engage external expertise and capacity to work with us to develop and deliver the procurement and commissioning hub as an expansion of the successful use of a similar approach on a pilot basis within the HHASC Brokerage function.
- 3.2 Currently the Council does not have centralised procurement and commissioning function. Procurement, commissioning and market management are undertaken in various locations across the council – notably with Health, Housing and Social Care (currently supported by Ernst & Young), Environment and Regeneration and historically via joint Corporate Procurement Team with the London Borough of Waltham Forest (which will cease at the end of January 2016).
- 3.3 Roles and responsibilities across these teams are not consistent and the Council has a short term contract in place with EY to make recommendations on savings that could be generated via the delivery of an integrated procurement and commissioning hub in line with the high level Enfield 2017 operating model that was developed in conjunction with PWC.
- 3.4 The E2017 Programme Team have commenced the process to create the procurement and commissioning hub in line with the E2017 principles. This hub will comprise staff from across the Council and will be responsible for all procurement and commissioning activity across the Council, including the delivery of a market management function that ensures that the councils future needs across a range of services such as temporary accommodation and domiciliary care can be delivered in a sustainable manner.
- 3.5 The Council has been working with EY to identify and target the delivery of in year savings across all areas of procurement and commissioning, building on their successful work delivered as part of the Adult Social Care Efficiency Programme. The Contract expands that activity across all areas of the Council.
- 3.6 To select a preferred bidder a mini-tender has been undertaken using the Consultancy One Framework. The tender specifically identified the requirement to provide interim leadership of a single centralised procurement and commissioning team and the identification and delivery of in year savings across the Council.
- 3.7 The appointed partner will undertake the leadership and day to day management of the procurement and commissioning hub, with the lead 'officer' from that provider reporting directly to the Director FRCS. As part of its role, the partner will be tasked with identifying and delivering in years savings from across the councils existing procurement and commissioning spend and other areas.
- 3.8 Alongside this initial work, the Strategic Transformation Board have confirmed that it believes the most cost efficient and effective long term delivery model for the procurement and commissioning hub will be achieved via a co-sourced delivery model. This will blend the skills and knowledge of the private sector

with the ability, commitment and capacity of staff from across the council. This approach was supported by Cabinet on 18th November 2015.

- 3.9 Following the mini-tendering exercise under the Framework, the winning tender was that submitted by EY. Confirmation of the appointment of EY for the interim period from 1st December 2015 – 31st March 2016, with the option for the Council to extend for a further three months, is now required.
- 3.10 The tender is in line with Cabinet paper of 18th November, and the evaluation panel consisted of James Rolfe (Director FRCS), Ian Davis (Director of Environment and Regeneration) and Isabel Brittain (Assistant Director for Finance)..
- 3.11 Since the award of the tender Waltham Forest have since requested to withdraw from the shared service arrangement as of 31st January and this has been factored into the Councils transition plans and discussions with EY.
- 3.12 The Contract covers the delivery of:
- Development and design of a future state model for procurement and commissioning
 - Development; training and up skilling of internal procurement and commissioning officers
 - Delivery of 'in year' savings (before 31st March 2016) equal to or exceeding the value of the Contract
 - Working alongside the Enfield 2017 programme to centralise and develop all procurement and commissioning staff.
 - A 'dash for cash' across all areas of Council spend.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 An option considered was the centralisation of existing staff from across the Council with no requirement for external support, but given the success of the pilot arrangement in HHASC Brokerage it was clear this was not the optimal solution either from a savings point of view, or a staff development one.
- 4.2 The option to move to a full tender immediately was also considered. However STB identified that it would be beneficial for all procurement and commissioning staff from across the Council to have worked alongside a delivery partner and to have benefited from the associated skills transfer within such an arrangement, before any recruitment and selection process to posts within the new hub is undertaken, and so the time taken for a full tender process would make this option less favourable. Additionally, this option was discounted as the need to make in year savings greater than the cost of the contract meant that it was not financial viable to delay the process.

5. REASONS FOR RECOMMENDATIONS

STB identified that it would be beneficial for all procurement and commissioning staff from across the council to have worked alongside a delivery partner and to have benefited from the associated skills transfer within such an arrangement, before any recruitment and selection process to posts within the new hub is undertaken and there was a need for an interim arrangement to delivery

procurement and commissioning and support the identification and delivery of in year savings across the Council.

6. COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES AND OTHER DEPARTMENTS

6.1 Financial Implications

6.1.1 The cost of the contract award for a procurement and commission partner for the period to 31st March 2016 will be funded from reserves on a 'spend to save' basis.

6.1.2 The initial saving identified and achieved via this contract, including the 'dash for cash' will be used to ensure the Council has a balanced outturn position.

6.2 Legal Implications

6.2.1 As per October 2014 Cabinet decision all legal agreements including any partnership agreements will need to be in a form approved by the Assistant Director of Legal Services.

6.2.2 The Council's CPRs, and the public procurement regime, allow the Council to use the Framework to procure the Contract rather than undertake a separate procurement.

6.2.3 The rules of the Framework (in particular, in relation to operation of mini-competitions) must be followed in assessing the responses.

6.3 Property Implications

Not applicable.

7. KEY RISKS

7.1 The risk associated with non-award would be the failure to comply fully with safeguarding requirements relating to adult social care contracting.

7.2 The risk that the contract will not achieve savings greater than its cost is mitigated by the inclusion of a 'dash for cash' element on a risk and reward element that directly reduces the cost that would have otherwise applied to the leadership of the procurement and commissioning hub.

8. IMPACT ON COUNCIL PRIORITIES

8.1 Fairness for All

The creation of a procurement and commissioning hub will support all services across the council, enabling them to deliver front line services to the community.

8.2 Growth and Sustainability

The creation of a procurement and commissioning hub will support transparent procurement and commissioning activity through the sustainable procurement policy promoting the use of lots and local suppliers and SME's.

8.3 Strong Communities

The creation of a procurement and commissioning hub will support all services across the council, enabling them to deliver front line services to the community.

9. EQUALITIES IMPACT IMPLICATIONS

9.1 Support for vulnerable groups is enhanced by this contract as it will bring greater experience to bear on contract negotiations for service.

9.2 All staff impacted by these proposals will be treated equally and in line with the Enfield 2017 People Principles that have been agreed by Cabinet and the Trade Unions.

10. PERFORMANCE MANAGEMENT IMPLICATIONS

10.1 As with all aspects of Enfield 2017, progress and performance will be monitored by STB, whilst financial savings will be confirmed by the AD Finance and Business Support.

11. HEALTH AND SAFETY IMPLICATIONS

11.1 Not directly applicable.

12. HR IMPLICATIONS

12.1 All staff implications will be addressed via Enfield 2017 in the manner agreed by Cabinet and form part of the fortnightly discussions held with the Trade Unions.

13. PUBLIC HEALTH IMPLICATIONS

13.1 Improved contracting for Public Health outcomes will increase value for money across a wide range of service and embed public health as part of core business.

