

MUNICIPAL YEAR 2015/2016 REPORT NO.

PART 1

31st March 2016

REPORT OF:

Director of Finance,
Resources and
Customer Services

Contact officer and telephone number:

Mark Stone ext. 3771

E mail: mark.stone@enfield.gov.uk

Agenda – Part: One	Item:
	Subject: Confirmation of the extension 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 On 1st February 2016, as part of the agreed Enfield 2017 Programme, staff from across the council were consolidated into a procurement, commissioning and market management hub prior to the award of a long-term procurement and commissioning co-source contract which will occur in early Summer 2016.
- 1.2 Prior to undertaking the full tender process for a long term co-management partner, 18th November, Cabinet agreed an interim proposal to award a contract ("Contract") for the interim leadership of this council-wide hub until at least the 31st March 2016, with the option of a three month extension 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 extension of this contract for the period from 1st April 2016 until 30th June 2016 in line with the tender and contractual documentation which (and as noted in a report dated 25 January 2016), subject to satisfactory delivery, allows the Council to extend the contract for a period of three months beyond the 31st March 2016).

2. RECOMMENDATIONS

- 2.1 Note the Council's intention to exercise the option to extend the contract with EY (as per report dated 25th January 2016) from 1st April 2016 – 30th June 2016 and approve the same.
- 2.2 Authorise the Director FRCS (and in their absence, the AD Finance and Operational Support and Chief Executive) to enter into the extension on terms similar to those set out in the original contract.
- 2.3 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 EY currently lead the councils Procurement, Commissioning and Contract Management Hub under an contract awarded in December 2015.
- 3.3 The E2017 Programme Team are supporting the creation of this hub in line with the E2017 principles. This hub comprises staff from across the Council and is 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.
- 3.4 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 existing Contract expanded that activity across all areas of the Council, which will continue under this extension.
- 3.5 To select a preferred bidder a mini-tender was 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.
- 3.6 The role identifying and delivering in year savings from across the councils existing procurement and commissioning spend and other areas.
- 3.7 Following the mini-tendering exercise under the Framework, the winning tender was that submitted by EY. The contract awarded was for the interim period from 1st December 2015 – 31st March 2016, with the option for the Council to extend for a further three months.as given in December 2is now required.

38 This report confirms the council will enact the extension of the contract for three months, having satisfied itself that EY have fully performed the role required of them in line with the initial contractual requirements.

3.9 This extension will include the delivery of:

- Input to a potential 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 2017) that are equal to or exceed the value of the Contract
- An extended 'dash for cash' across all areas of Council spend.

4. ALTERNATIVE OPTIONS CONSIDERED

4.1 | An option considered was to not extend the current contract and support the hub entirely in house. However, given that this would remove the external support and leadership of the procurement and commission function that Cabinet have agreed should be in place, this was not appropriate, neither would it offer continuity to staff in terms of line management and professional support.

4.2 The option to move to a full tender immediately was also considered. This option is work in train and the council will shortly issue a full tender for the long term co-management of the service. However, this process will not be completed before the current contract end date of 31st March 2016 and so is not available to the council at this time.

4.3 The other option considered was to make a direct award to another external provider. However, this would not be in line with the council's standing orders or contract regulations and would not meet legal requirements and so has been discounted.

5. REASONS FOR RECOMMENDATIONS

5.1 Cabinet confirmed 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. It is important from both a staff development perspective, and the need for consistent high quality procurement advice to be available to support the council, not least in the procurement of contracts that related to statutory safeguarding duties, that this arrangement is continued until a long term contractual award is made.

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 30th June 2017 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 repay the use of reserves, ensuring the Council has a balanced outturn position.

6.2 Legal Implications

- 6.2.1 Section 111 of the Local Government Act 1972 ("LGA") gives a local authority power to do anything which is calculated to facilitate, or is conducive or incidental to the discharge of any of its functions and the Localism Act 2011 provides the Council power to do anything that individuals generally may do provided it is not prohibited by legislation and subject to Public Law principles. In addition, section 112 of the LGA permits the appointment of such officers that the Council deems necessary for the discharge of its functions. The proposals set out in this report are consistent with this power.
- 6.2.2 The Council's Constitution, in particular the Contract Procedure Rules ("CPR's") permit the Council to call-off and subsequently extend the contractual arrangement from an existing framework as long as the framework terms permit such.
- 6.2.3 The Council procured the services through a further competition process in accordance with the Consultancy One framework (the "Framework") terms with assistance from the Council's Corporate Procurement Service. The Framework required the resulting call-off contract to be based on the Framework terms and the Council shall ensure that the extension agreement is based on the same. The scope of the services to be provided under the extension is encompassed within the original scope of the call-off.
- 6.2.4 The Council is exercising the option originally noted in a previous report (25th January 2016) to extend the contractual arrangement for a 3 month period (1st April 2016 – 30th June 2016) and is relying on section 72(a) of the Public Contracts Regulations 2015.

6.3 Property Implications

Not applicable.

7. KEY RISKS

- 7.1 The risk associated with non-award of this extension 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.

7.3 Staff would not have consistent leadership and development in the period up to the future restructure of Procurement, Commissioning and market management hub and would therefore be potentially disadvantaged in any future recruitment process.

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 extension as it will maintain a breadth of experience that can be brought 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.

