

# Guildford Borough Council

Report to: Overview & Scrutiny Committee

Date: 19 December 2023

Ward(s) affected: All Wards

Report of Joint Director of Transformation and Governance

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Report Status: Open

## **Interim Procurement Report for the Period 1 April 2022 – 30 September 2023: Updates on Procurement Service Strategy - 2020-23 including Procurement Internal Audit recommendations - 2023-24 and Procurement Savings Strategy - April 2020.**

### **1. Executive Summary**

The Council spends a significant amount per annum on goods and services. The Council have produced several separate documents relating to the Council's procurement activity namely: Procurement Service Strategy 2020-2023 Procurement Savings Strategy April 2020 Modern Slavery Motion update FY21/22. In March 2022, the Council recommended that the various reports are combined to allow a more integrated approach to reporting on procurement matters. Due to reporting timelines and the specific requirements of the Modern Slavery Report (publishing required within 6 months of financial year end) Corporate Procurement Board (CPB) recommended that the Modern Slavery update report for FY22/23 was separated for this and future iterations of the Procurement Annual Report). This report is the second iteration of the combined report incorporating the various updates.

## **Procurement Service Strategy 2020-2023**

The Procurement Service Strategy was adopted by GBC (Guildford Borough Council) Executive Committee on 26 May 2020 and supports GBC in delivering its strategic objectives and to ensure that, in the procurement of goods, works and services, GBC obtains the best value, namely, the required quality at the best price achievable. It outlines the strategic objectives of the procurement function along with how this supports the Council's corporate objectives.

The procurement service is broadly on track to meet this objective. Over the past 12 months we have more visibility around spend and are moving towards a holistic category management being adopted.

We are increasing engagement levels with services, which increases demand for the procurement service's finite resources coupled with continual recruitment and talent retention challenges means that there is more progress to be made in this area. We are also developing spend control processes with finance to better manage contract spend and reduce the risk of non-compliant contract spend and to support the financial recovery plan for GBC.

The procurement function has made cashable and non-cashable savings as a result of the adopted strategy, for General Fund, Housing Revenue Account (HRA) and the Capital Programme.

The Guildford Borough Council / Waverley Borough Council collaboration has provided significant opportunity for the procurement function. Guildford Borough Council procurement continues to support Waverley Borough Council with their procurement requirements which should be considered in future procurement strategies.

Furthermore, the adoption of the Procurement Act in October 2024 will present significant opportunities for the Council to align future strategies.

Guildford Borough Council should consider the supplier market and the impact of new regulations to seek to encourage engagement with the local supply market whilst meeting regulatory compliance.

## **Procurement Savings Strategy April 2020**

The Procurement Savings Strategy was approved in April 2020 with a savings target of £1.2m (cumulative) to achieve for general fund cashable savings for the four financial years of FY19/20 – FY22/23. This has since been superseded by a savings target of £1.555m (including a target of £355,000 for parks non-staff savings) for the FY21/22 to FY25/26 for savings which achieve a budget reduction for the General Fund only. Procurement is now focussing savings processes and resources to support the Financial Recovery Plan workstreams.

### **Summary of General Fund Savings:**

About £1,084,000 of General Fund savings have been identified at various stages of implementation including:

- A total saving of about £568,000 (i.e., a budget reduction has been achieved and implemented): this includes procurement activity such as Payment Acceptance contract replacement resulting in savings of about £233,000 and Software licencing retender saving about £42,000 over a three-year contract.
- Savings awaiting finance closure – totalling over £400,000: this includes items such as the Verto Project Management Software renewal.
- Pipeline – forecasts which may not come to fruition. For example, there is likely to be a cost saving achieved through renegotiating our mobile telephony phone contract, but this is yet to be delivered.

Other highlights of savings include over £9,000,000 (against the previous quoted costs) by tendering Ash Road Bridge in the capital programme.

### **Future savings**

Inflationary pressures caused by the COVID19 and events in Ukraine mean that savings from tendering on a like-for-like basis alone are still very difficult to achieve. This means that the Council will have to be more aggressive and identify new opportunities beyond those identified in the procurement pipeline as well as exploring opportunities for joint

procurement as part of our collaboration with Waverley. There are still other opportunities for collaborating with other local Districts and Boroughs, for example our jointly procured pest control and stray dogs tenders. Guildford Borough Council procurement team attend the Surrey Procurement Group and explore opportunities to join other Districts and Boroughs in joint procurement activity. In addition, Procurement is also trialling new methods of evaluating pricing, to ensure that savings opportunities are optimised during tendering or negotiating with suppliers. There is more focus on challenging direct awards ensuring that where there is no competitive tension that Suppliers present best value options. A recent example of this on Weyside Urban Village Contractor appointment is likely to avoid costs of more than £350,000.

### **The Modern Slavery Charter**

Please see separate report (Modern Slavery Motion updates FY22/23).

### **Recommendation to Committee**

That the Committee notes the annual procurement report update for financial year ending 31 March 2023 and notes that a full annual report will be provided for FY23/24.

### **2. Reason(s) for Recommendation:**

2.1 The Council have an obligation to provide an annual report update to provide an update on procurement activity.

### **2.2 Is the report (or part of it) exempt from publication?**

No

### **3. Purpose of Report**

3.1 To provide an annual update report detailing the progress made against the various procurement activities (for financial year ending 31 March 2023) to demonstrate progress and measures taken to implement the strategies and policies through Contracting and Procurement.

## **4. Strategic Priorities**

- 4.1 Procurement supports the Council's Strategic Framework, in particular the Innovation theme as it encourages sustainable and proportionate economic growth to help provide the prosperity and employment that people need.
- 4.2 Procurement and commissioning are highly innovative work areas which utilises technology and new ways of working to improve value for money and efficiency in Council services.
- 4.3 In addition, there are an ever-growing number of opportunities to collaborate with Waverley Borough Council, a recent example being the jointly procured Pest Control and Stray Dogs tenders. It is now standard practice to check for collaboration opportunities and for above threshold tenders the Procuring Officer must ensure that this check is done.

## **5. Background**

- 5.1 Over the past few years, the Council have adopted several priorities for the Procurement Service.

These include:

- Modern Slavery
- Savings targets
- Services Plan and
- Compliance with Internal Audit Report (2023/24 – as set out in the recent Southern Internal Audit Partnership (SIAP) report.

## **6. Consultations**

- 6.1 Councillor Richard Lucas - Lead Councillor for Finance and Property.

## **7. Key Risks**

- 7.1 Procurement Service Strategy: if these strategies are not continually updated and/or implemented, then there is a risk that the Council will not achieve its objectives.
- 7.2 Savings Target: despite a tough supply market it is necessary to continue to identify savings opportunities for the Council arising from procurement activities. Where savings targets are not delivered, there is a risk that the Council will overspend, with the consequences of reductions in service levels being seen.
- 7.3 Compliance with GBC Internal Audit Report: if the standards are not maintained in this area, the risks could be poor audit outcome and potentially exposing the Council to financial and procurement risks, for example fraud.

## **8. Financial Implications**

- 8.1 The procurement function has made cashable and non-cashable savings as a result of the adopted strategy, for General Fund, HRA and the Capital Programme.
- 8.2 The Council was successful in obtaining funding to secure 2 dedicated procurement officers for Capital Projects.
- 8.3 There is now a post in procurement dedicated to and funded by the HRA.
- 8.4 The procurement function is an integral part of the Council's financial recovery plan both as a supporter and enabler.

## **9. Legal Implications**

- 9.1 The Council as a public body has a duty to ensure that it is compliant with the Public Contract Regulations (2015) and its own internal governance when purchasing goods and services.

## **10. Human Resource Implications**

- 10.1 Where procurement continues to be under resourced, there is restraint on procurement being able to deliver on its savings targets, the service plan and ensuring the Internal Audit recommendations are met.
- 10.2 There may be opportunities presented by the Guildford and Waverley collaboration which may impact resource requirements.

## **11. Equality and Diversity Implications**

- 11.1 None.

## **12. Climate Change/Sustainability Implications.**

- 12.1 Procurement processes do challenge tenderers to support achievement of the Council's net zero target and procurement services work closely with the Climate Change Lead to encourage suppliers to consider climate change initiatives. Consideration should be given regarding Scope 3 emissions of the Council. These hidden emissions can account for up to 80% of an organisations emissions and careful consideration will be required to ensure that all new and existing tenders and procurement practises include criteria to drive these Scope 3 emissions down.

## **13. Suggested issues for overview and scrutiny.**

- 13.1 Overview and Scrutiny Committee are asked to note the annual update report.

## **14. Summary of Options**

- 14.1 Option 1 - to note the contents of this report including the progress made so far.
- 14.2 Option 2 - to not consider this report.

## **15. Conclusion**

15.1 The Council will continually monitor progress against the targets that have been set for Procurement.

## **16. Background Papers**

16.1 Not Applicable

## **17. Appendices**

17.1 1) Southern Internal Audit Report: Procurement October 2023  
2) Procurement Savings Strategy April 2020  
3) Procurement Service Strategy 2020-2023